Management Audit of the Santa Clara County Facilities and Fleet Department Fleet Management Division

and

Assessment of the Fleet Size and Usage

Prepared for the
Board of Supervisors of the
County of Santa Clara

Prepared by the

Board of Supervisors Management Audit Division
County Administration Building, East Wing, 10th Floor
70 West Hedding Street
San Jose, CA 95110

(408) 299-6436

May 29, 2009

County of Santa Clara

Board of Supervisors
Management Audit Division

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110-1770
(408) 299-6436 FAX 299-5004 TDD 993-8272
E-mail: Roger.Mialocq@bos.sccgov.org

Contract Auditor: Harvey M. Rose Associates, LLC

May 29, 2009

Supervisor Ken Yeager, Chair
Supervisor Dave Cortese, Vice Chair
Board of Supervisors Finance and Government Operations Committee
70 West Hedding Street
San Jose, CA 95110

Dear Supervisors Yeager and Cortese:

At the direction of the Board of Supervisors, we have completed a comprehensive management audit of the Facilities and Fleet Department-Fleet Management Division. This study was conducted pursuant to the authority of the Board of Supervisors in accordance with the Board's power of inquiry, as provided in Article III, Section 302 (c) of the County Charter. The audit was conducted in conformity with the United States Government Accountability Office (GAO) Audit standards. This audit was not selected through the Board of Supervisors' management audit program risk assessment analysis that identifies and prioritizes areas of County government for future audits, but rather was requested by the Chair of the Finance Committee, and approved by the full Board of Supervisors. The Fleet Management Division and the size and utilization of the vehicle fleet were last audited 28 years ago, in 1981. Due to the number of years since the last audit, and the extraordinary increase in the price of gasoline in recent years, the selection of this audit was warranted.

The scope of the audit included a detailed review of the operations of the FAF Fleet Management Division, an assessment of the vehicle fleet size and utilization, and a review and analysis of Countywide and departmental vehicular policies and procedures. Audit fieldwork commenced in March 2008, but was interrupted due to high priority projects, including the annual budget review of the FY 2008-09 budget, and the preparation of the FY 2008-09 Mandate Study. A draft report was issued in May 2009, and exit conferences were concluded between May 19 and May 28, 2009. This audit report includes 11 sections regarding a wide variety of issues, including, reducing the size of the 1,786 vehicle fleet and the 180 vehicle pool, improving County vehicle policies and procedures through a comprehensive review and update by the Board of Supervisors, strengthening controls over vehicle usage, enforcing policies requiring employees to pay fines on parking citations, developing policies and procedures for the operation of Fleet Management maintenance facilities, refunding unauthorized market-rate property rental charges levied by the Roads and Airports Department on the Fleet Management Division, and others.

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Dave Cortese, District 3
Ken Yeager, District 4
Liz Kniss, District 5

In addition, a survey of the 10 most populous counties was conducted to obtain comparable information on specific areas of operations, and to identify specific policies and procedures utilized by these other jurisdictions. Responses were received from nine of the 10 counties surveyed and are included in the report. The report includes 28 recommendations, most of which were fully or partially agreed with by the Fleet Management Department. There are also a number of policy recommendations that will require additional time for evaluation and response by County Administration. Consequently, the attached written response addresses only Sections 1, 2, 7, and 8. A written response to the other sections will be provided in the future. The implementation of the recommendations in the report would reduce annual vehicle replacement costs, annual operating expenditures, and generate one-time revenues related to the disposition of surplus vehicles. The amount of savings would depend on the number of vehicles removed from the fleet. The audit identified approximately 300 low-mileage, underutilized vehicles (127 driven less than 3,000 miles per year) that should be critically considered for removal. Based on current replacement costs in excess of $20,000, eliminating 200 vehicles would avoid replacement costs of more than $4.0 million. Other potential one-time savings and reimbursements would amount to more than $2.0 million.

In order to issue a final audit report for the consideration of the Finance and Government Operations Committee at its June 2, 2009 meeting, a compressed review process was necessary. Consequently, less than three weeks elapsed between issuance of the draft and final reports, instead of the nine weeks prescribed by the normal process. Meeting the Committee's accelerated timeline would not have been possible without the extra efforts of staff of the Facilities and Fleet Department, County Executive's Office, Roads and Airports Department, County Counsel, Controller-Treasure and other departments. Their cooperation and assistance is greatly appreciated.

Respectfully Submitted,

Roger Mialocq

Roger Mialocq
Board of Supervisors Management Audit Manager

c:
Supervisor Gage
Supervisor Kniss
Supervisor Shirakawa

<u>Project Staff</u>:
Cheryl Solov
Jema Turk

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Executive Summary

This *Management Audit of the Santa Clara County Facilities and Fleet Department Fleet Management Division and Assessment of the Fleet Size and Usage* was conducted pursuant to the request of the Board of Supervisors of the County of Santa Clara. The purpose of the management audit was to examine the vehicle and fuel utilization and management practices of Santa Clara County and the Fleet Management division to identify opportunities to increase efficiency, effectiveness and economy. A brief synopsis of this report's 11 findings and recommendations is presented below.

Section 1: Right-Sizing the County Fleet

Many of the County's 1,800 vehicles are not driven enough to be cost effective, but since the County has no vehicle-justification criteria, such as minimum miles driven, there is no systematic process to identify, eliminate, or re-allocate under-used vehicles. Therefore, the County's fleet is larger and more expensive than necessary. The County should eliminate most vehicles that are consistently driven less than about 5,000 miles per year, saving as much as $2 million over 10 years, and adopt a comprehensive vehicle-use policy that includes justification guidelines for County vehicles.

Section 2: County Vehicle Pool Utilization

The Fleet Management Division operates a central pool of approximately 180 vehicles. An analysis of 12 months of use data shows that, more than half of these pool vehicles are not in use on an average day. The only types of vehicles used more often than not were sedans, which were in use 53 percent of the time. By reducing the pool vehicles to a level more in line with actual need, at least $936,000 in savings could be achieved over time.

Section 3: Internal Controls over Vehicles and Fuel

An analysis of records that pertain to use of the County's 1,800 vehicles suggests that, while the vast majority of County employees appear to use County vehicles for their intended business purposes, some drivers engage in irregular and wasteful practices, including using County vehicles while on vacation. Assessing the appropriateness of vehicle use is difficult, due to weakness in the County's policies, which permit employees broad authority to travel with minimal documentation. The problems identified in this section suggest broad opportunities for misuse of assets that should be curtailed through implementation of improved controls.

Section 4: Improving Fleet Efficiency

Despite the County's substantial investment in its vehicle fleet, its managers have limited information with which to ensure that vehicles operate at maximum efficiency. This section describes gaps in the County's information resources that other governmental agencies have resolved by employing fleet information systems that illuminate fuel efficiency, vehicle speeds, idle time, drive time, vehicle locations, mileage, and other information that County managers currently lack. If such information were provided to County managers, the expected result would be a less expensive, more effective use of the County fleet.

Section 5: A Comprehensive Vehicle Use Policy

County policies provide little or no justification criteria for fleet vehicles, assignment of vehicles to individuals or departments, use of vehicles for commuting purposes, whether to use a County vehicle or another method of travel, and other critical aspects of fleet management. By adopting a comprehensive vehicle policy and ensuring its enforcement, the Board of Supervisors would improve accountability and efficiency of fleet use, resulting in substantial cost savings.

Section 6: Non-Residents Commuting in County Vehicles

At least 32 employees who reside outside of the County are assigned County vehicles for commute purposes, apparently in violation of County policy which explicitly prohibits vehicle assignment to non-residents. Some existing and former commuters have regularly used County vehicles to make round-trips of well more than 250 miles. Such use of County vehicles increases fleet costs, reduces accountability for vehicles, and effectively increases compensation for a few employees. By adopting a Board policy to limit out-of-county commuters, the Board of Supervisors would reduce County costs and increase the accountability for vehicle resources.

Section 7: Intra-County Lease of Roads Department Maintenance Facilities

Since FY 2004-05, the Facilities and Fleet (FAF) Internal Service Fund has paid $2.55 million in rent payments to the Roads and Airports Department, which has increased charges to FAF customers, most of which are General Fund departments. There appears to be no legal basis for these rent payments, which appear to violate federal accounting regulations and have not been approved by the Board of Supervisors. These past rent payments should be refunded to FAF, and no future rent payments should be made.

Section 8: FAF Purchase of South County Maintenance Facility

The Facilities and Fleet Department (FAF) currently leases the South County vehicle maintenance facility from the Roads and Airports Department. By purchasing the property, FAF would realize annual savings of $171,600 in reduce rent costs, most of which would benefit the General Fund.

Section 9: Fleet Management Maintenance and Repair Policies and Procedures

As of May 2009, the Fleet Management maintenance unit lacked any type of written repair policies and procedures. By developing and implementing comprehensive policies, management would assure that staff adheres to uniform and consistent maintenance, repair and administrative practices, which would enhance accountability and strengthen internal controls.

Section 10: Unpaid Parking Citations

As of September, 2008, at least 573 County vehicles had accumulated 2,984 unpaid parking tickets, worth almost $105,000, over several years. Despite a policy that vehicle operators are responsible for parking tickets, some vehicles have been ticketed again and again, with resulting fines remaining unpaid. The failure to collect parking fines from County staff has resulted in lost revenue, wasted Parking Patrol resources, and continued illegal parking. The policy related to collection of citation revenues should be strengthened and collections efforts begun in 2008 should continue.

Section 11: Managing Vehicle Accidents

A small number of employees are responsible for a disproportionate number of the 239 County vehicle accidents that occur each year. By adopting a policy that both focuses management and training resources on accident-prone employees and requires employing departments to pay for accident damages, the Board of Supervisors would improve accountability and probably reduce the number of accidents.

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Introduction

This *Management Audit of the Santa Clara County Facilities and Fleet Department Fleet Management Division and Assessment of the Fleet Size and Usage* was prepared at the request of the Board of Supervisors of the County of Santa Clara. The audit was authorized pursuant to the Board's power of inquiry specified in Article II, Section 302 (c) of the Santa Clara County Charter, and commenced in early March 2008.

Purpose and Scope

The purpose of the management audit was to examine the vehicle utilization, fleet size, and management practices of Santa Clara County and the Fleet Management division to identify opportunities to increase the County-wide efficiency, effectiveness and economy. The management audit was broadly scoped, looking at a wide range of vehicle management and operations efforts.

As part of this management audit, auditors interviewed representatives from Fleet Management and numerous other departments. We also reviewed electronic databases and paper files, procedures and policies, and other documents related to the operation and management of the fleet. We also reviewed survey responses and supporting documents provided by fleet managers in other California counties, and interviewed fleet managers in other jurisdictions around the State and nation.

This report includes 11 findings and associated recommendations that encompass major areas of fleet management and vehicle use. Included are findings and recommendations regarding the size of the fleet, improving internal controls of vehicles and fuel, improving the efficiency of vehicle operations, the need for a comprehensive vehicle use policy, excessive unpaid parking citations, and strategies for management of vehicle accidents. If all the recommendations in this report were implemented, the County would experience one-time cost savings of at least $2.7 million, and ongoing vehicle replacement cost savings over time of well in excess of $ 4.0 million. Most of these savings would be in the General Fund, for a combined savings of more than $6.7 million.

Audit Methodology

The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the United State Government Accountability Office. Pursuant to these requirements, we performed the following management audit procedures:

<u>Audit Planning</u>—This management audit was requested by the Board of Supervisors. After this audit was requested by the Board, a detailed management audit work plan was developed.

<u>Entrance Conference</u>—An entrance conference was held with senior personnel from the Facilities and Fleet Department to introduce the management auditors, describe the

management audit program and scope of review, and respond to questions. A letter of introduction from the Board and a management audit work plan were provided.

Pre-Audit Survey—A preliminary review of documentation and interviews with key Department staff were conducted to obtain an overview understanding of fleet operations, and to identify areas of operation that warranted more detailed review. Based on this pre-audit survey, the work plan for the management audit was refined.

Field Work—Field work included: (a) interviewing management, supervisors or other relevant County personnel and gathering of data from various departments, agencies and functions, including the District Attorney's Office, the Probation Department, the Sheriff's Office, the Social Services Agency, the Department of Correction, the Health and Hospital system, County Communications, Parking Patrol, the Department of Revenue, Agriculture and Environmental Management, the Employee Services Agency, Fleet Management, and the Auditor-Controller's Office; (b) visiting and touring fleet-related sites, such as fuel stations, parking facilities, and maintenance shops; (c) reviewing relevant Countywide policies, procedures and ordinances; (d) reviewing departmental procedures and policies in fleet-heavy General Fund departments; (e) analyzing datasets and records regarding vehicle inventories and assignments, mileage, maintenance, fuel consumption and fuel prices, vehicle accidents, parking citations, fuel card purchases, payroll, travel authorizations, mileage reimbursements and travel expense reimbursements; and, (f) conducting surveys and interviews with other California and out-of-state jurisdictions to explore potential operational improvements.

Draft Report—A draft report was prepared and provided to the Fleet Manager and senior personnel of the Facilities and Fleet Department. Relevant portions of the draft report were also provided to other departments.

Exit Conference—An exit conference was held with Facilities and Fleet Department managers to collect additional information pertinent to our report, and to obtain their views on the report findings, conclusions and recommendations.

Final Report—A final report was prepared after review and discussion of the draft report content with responsible managers in the Department.

Overview of Fleet Management

The management of the County fleet is a function of both a centralized Fleet Management function and decentralized management of departmental fleets by department managers throughout the County.

Centralized services are provided by the Fleet Management Division within the Facilities and Fleet Department. At the commencement of the audit, the Division consisted of 50 staff. These staff included one Fleet Manager and administrative support personnel, and staff for three maintenance units and one Fleet Services Unit, as described more fully below.

Organizational Structure and Staffing

Fleet Management Administrative Services Unit—This unit includes one Fleet Manager, and three administrative FTEs. The administrative staff manage centralized vehicle records, fuel systems, and issuance of fuel credit cards, obtain vehicle registrations, bill departments for fleet services, and carry out other related tasks.

Fleet Services Unit—This unit includes one Fleet Management Supervisor, a maintenance scheduler, two vehicle attendants and one auto-body repairer who trains and oversees inmates in the body-shop at the Elmwood correctional facility. Whenever a County vehicle needs body work, this unit handles it. The staff in this unit manage maintenance records and schedule maintenance services, acquire and dispose of County vehicles, handle wrecked vehicles, maintain a fleet database, operate the County's fleet of unassigned pool cars, and manage related tasks.

Fleet Maintenance Units-There are three Maintenance units. The central unit, at Younger and San Pedro Drives in San Jose, includes a Maintenance Supervisor, two vehicle parts coordinators, two automotive attendants, and a maintenance shop staff of two lead auto mechanics, nine auto mechanics, one mechanic's helper, and one auto attendant. The East maintenance yard includes one Maintenance Supervisor, one vehicle maintenance scheduler, one lead heavy equipment mechanic and five heavy equipment mechanics, two heavy equipment mechanic's helpers, one heavy equipment attendant, and one emergency vehicle equipment installer. This unit shares two auto parts coordinators with the West and South maintenance yards. The West and South yards are overseen by one Maintenance Supervisor. The West yard includes one lead heavy equipment mechanic, two heavy equipment mechanics, and one heavy equipment mechanic's helper. The South yard is home to one lead heavy equipment mechanic and two heavy equipment mechanics, and one heavy equipment mechanic's helper.

Departmental Fleet Management – The vast majority of the fleet is assigned to various County departments and employees unrelated to the Fleet Management Division. Primary vehicle users are the District Attorney, the Sheriff's Office, the Department of Correction, Probation, Parks and Recreation and Social Services. More limited users include Agriculture and Environmental Management, the Health and Hospital system functions, and Facilities and Fleet Department. Departments with very limited use include the Public Defender, the County Executive, the Board of Supervisors, Information Services, County Communications, and the Library. Some departments use fleet services rarely or never. These departments include such functions as County Counsel, Procurement, Finance, and the Assessor. Departments with significant vehicle use typically have one or more individuals responsible, on a full-time or part-time basis, to manage their fleets. Some departments have multiple people involved in various aspects of fleet management. These personnel are typically responsible for the day-to-day use of the vehicles, including assigning them to users, ensuring that vehicles receive routine maintenance, reporting odometer readings and mechanical problems to Fleet Management, keeping vehicles clean, establishing policies for vehicle assignment and use, monitoring use and ensuring compliance with County and departmental policies, ensuring efficient use of the fleet, maintaining records, reporting use of take-home cars to the County Executive and Fleet Management, ensuring that County drivers are licensed and have a current County driver's permit, and – in the case of Social Services – operating dispatching services, and other similar tasks. Excluding Fleet Management staff, and staff of support departments (as further described below), there are likely a few dozen staff involved in the management of various aspects of the Countywide fleet.

There is an entirely separate fleet, which is not owned by Fleet Management, that is owned and operated by Roads and Airports. Because Roads and Airports is entirely non-General Fund, this aspect of the operations has not been examined in detail in this audit. Similarly, less attention has been paid in this audit to Parks and Recreation Department vehicles, as there is no General Fund support for those assets and key aspects of that department's vehicle use were the subject of findings in a 2007 audit.

<u>Supporting Departments</u> – Several departments besides Facilities and Fleet provide services associated with management of the County fleet. These include the Risk and Insurance Division of the Employee Services Agency, which manages vehicle accident claims, and insures County vehicles. The Agency also approves use of "take-home" vehicles, as reported by departments. The County's payroll function ensures taxable use of County vehicles is reported on W-2 forms. The Controller's office and numerous other departments process authorizations to use vehicles for business travel under certain circumstances. Numerous departments process reimbursement to employees who use their personal vehicles for County business. The Department of Revenue is responsible for collecting funds from County drivers whose use of vehicles on County property results in citations.

<u>Outside Users of Fleet Management Services</u> – In addition to the provision of fleet services to County staff, Fleet Management also provides some services, such as fuel, to external entities. These entities include Valley Transportation Authority and the Humane Society. All of these costs are reimbursed by the external users.

In summary, operation of the Santa Clara County fleet encompasses numerous County departments and involves thousands of staff, either as coordinators of some aspect of fleet operations, provision of supporting services, or users of vehicles.

Budgeted Revenues and Expenditures

The County's Fleet Management Division is operated as a Non-General Fund internal service fund. Its primary revenue source is monies collected from user departments, some of which are General Fund functions and some of which are not. For the 2008-09 Fiscal Year, the Fleet Management budget projected $23.14 million in revenues, more than 66 percent of which ($15.33 million) comes from charges to County departments for the provision of fleet services. Fleet also expected to bring in $4.78 million in revenues in exchange for the provision of services to outside entities, including Outreach paratransit, Valley Transit Authority (VTA), and Roads and Airports. The Division projected its expenditures to be $20.8 million over the same period. The difference between the revenues and expenditures is due to unbudgeted depreciation.

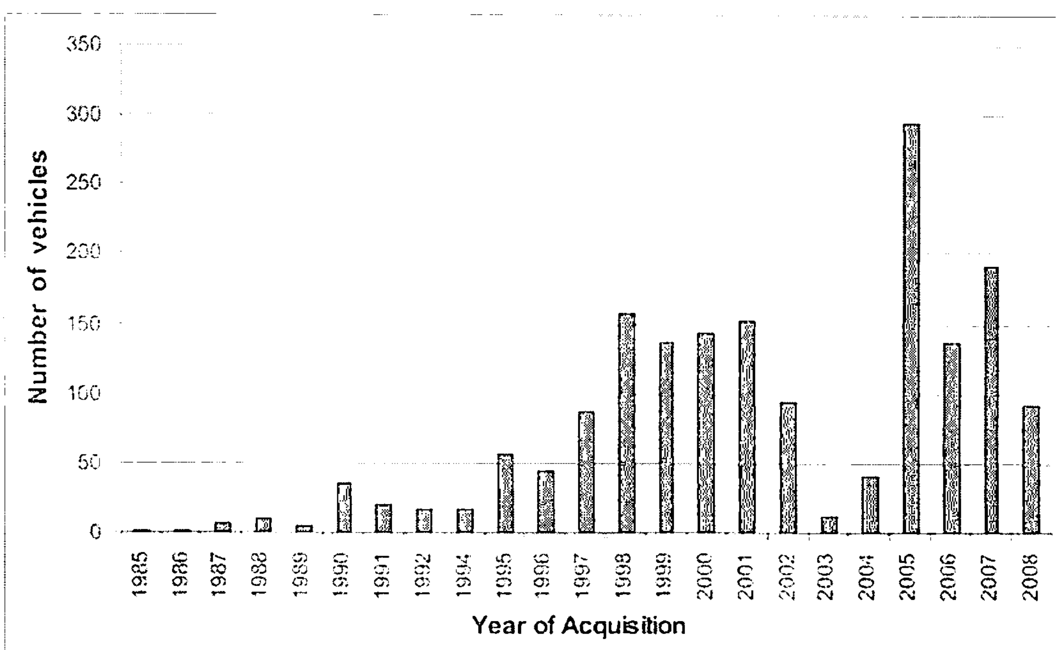
The Division's single largest expense is bulk fuel, which it projects will cost $6.3 million in FY 2008-09. This is significantly more than the entire salary and benefits cost for the division, which amounts to $5.1 million. Part of the reason for relatively modest salary and benefit costs in this Division is its extremely modest use of extra help and overtime.

Nature of the County Fleet

County vehicles traversed some 14 million miles in the 12 months ending in September, 2008. As of June 30, 2008, after excluding Roads vehicles, equipment such as generators, and small vehicles such as forklifts, motorcycles, carts, trailers, etc., the vehicle inventory owned by Fleet Management consisted of approximately 1,786 vehicles. On average, therefore, fleet vehicles are driven about 7,840 miles a year. The original acquisition cost of these vehicles was more than $39 million, or nearly $21,840 per vehicle on average. The fleet is aged; almost 27 percent of the fleet (477 vehicles) was acquired in 1998 or earlier. More than 57 percent of vehicles were purchased in 2003 or earlier, and the average age is about 10 years old. Chart I.1 below shows the year that each vehicle in the 2008 inventory was acquired.

Chart I.1

Year of Acquisition of
<u>2008 Fleet Management Vehicle Inventory</u>



Source: Santa Clara County Controller
Calendar 2008 includes acquisitions through June 30, 2008. The chart excludes Roads vehicles and trailers, carts, etc.

Based on responses to a survey conducted for this audit, the Santa Clara fleet is considerably older than the fleets of most other large California counties, as shown in Table I.1.

Table I.1

Average Model Year of Fleet Vehicles In Santa Clara and Comparison Counties as of 2008

County Name	1998-1999	2000-2001	2002-2003	2004-2005	2006-2007
Los Angeles		X			
San Diego		X			
Orange	X				
Riverside				X	
San Bernardino					X
Santa Clara	X				
Alameda			X		
Contra Costa			X		
Fresno				X	

Source: Survey of other counties

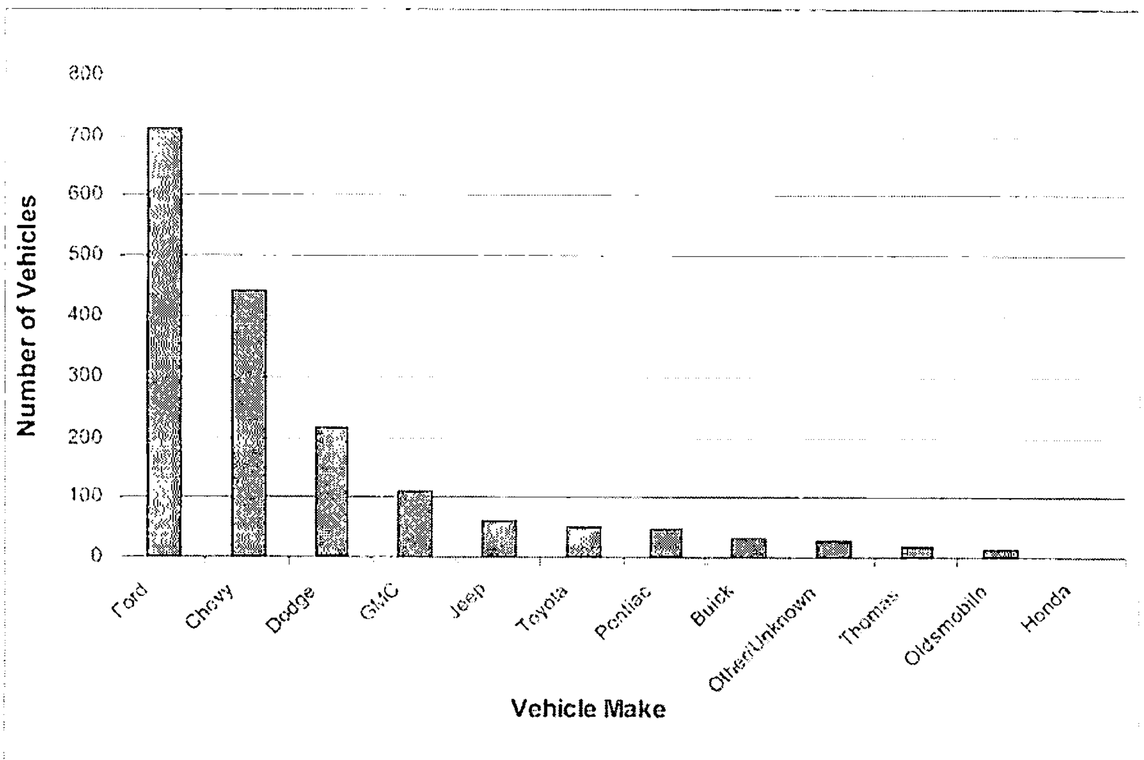
As the table shows, only Orange County has a similarly aged fleet; other counties have newer equipment.

Of the 1,786 vehicles, less than 6 percent (101 vehicles) were purchased for more than $30,000. About two-thirds of those 101 were heavy or refrigerated trucks, vans, and buses, plus one armored vehicle, one tractor and two bookmobiles. The remaining 33 vehicles (less than 2 percent of the total inventory) are SUVs and sedans costing more than $30,000.

The fleet is almost entirely domestic. As shown in Chart I.2 on the following page, almost 84 percent of the fleet is of four makes: Ford, (40 percent), Chevrolet, (25 Percent), Dodge (12 percent) and GMC (6 percent.)

Chart I.2

Santa Clara County 2008
Vehicle Inventory by Make



Source: Santa Clara County Controller

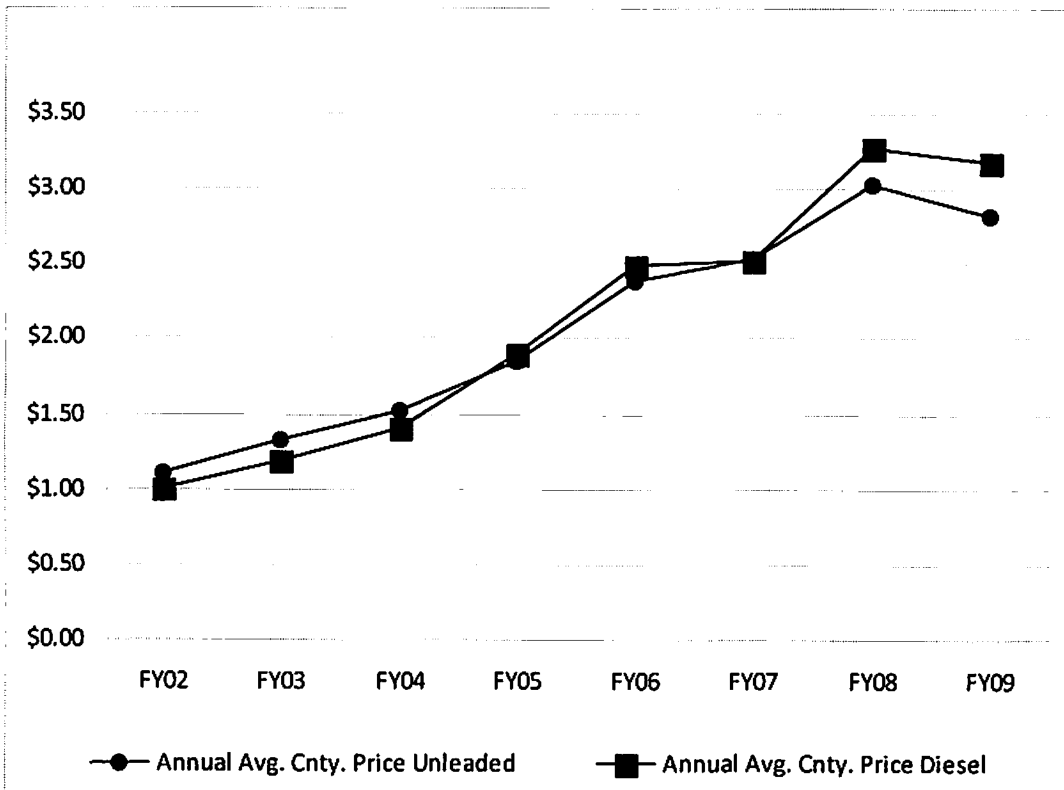
In addition to the 14 million miles traversed by the County vehicle fleet during the 12 months ending in September 2008, in FY 2007-08, County employees received reimbursement payments for 2.9 million miles driven in their personal vehicles.

Fueling the Fleet

The County purchases gasoline and diesel fuel in bulk, at a savings of roughly 40 cents per gallon compared to retail, according to Fleet Management. Most of this savings is due to the County's exemption from fuel taxes. County fuel prices have increased dramatically over the last few years. The average price paid by the County for a gallon of gasoline in FY 2001-02 was $1.10. The average price paid by the County for a gallon of gasoline in the first half of FY 2008-09 – through December 31, 2008 – was $2.82, an increase of 156 percent. Prices for both gasoline and diesel have persistently increased throughout the decade, as shown in Chart I.3.

Chart I.3

Santa Clara County Fuel Price Trend
FY 2001-02 Through December 2008



Source: Santa Clara County Fleet Management

Retail prices have also experienced substantial increases. For example, according to the federal Energy Information Administration, a division of the U.S. Department of Energy, average retail prices in San Francisco – the closest location for which the Agency maintains data – increased by about 110.5 percent (from $1.59 to $3.35 per gallon) over approximately the same period shown in the chart above. According to the Agency's *Annual Energy Outlook 2009* report, oil prices – which are a key factor in gasoline prices – are expected to increase dramatically through at least 2030. It is reasonable to assume that the County's per-gallon fuel costs will increase significantly in the coming years. Therefore, unless those increases are offset by material increases in fuel efficiency, material reductions in miles driven, or some combination thereof, the County will likely experience marked increases in its annual fuel expense.

Fleet Management Accomplishments

Management audits typically focus on opportunities for improvements within an organization. To provide a broader perspective on operations, pursuant to the request of the Management Audit Division, the Fleet Manager provided a memo, which is attached to this introduction, highlighting the Division's most important achievements. These accomplishments include:

- The implementation of a Ten-Year Fleet Plan
- Consolidation of maintenance facilities and administrative offices
- Reclassification of personnel resulting in improved levels of certifications
- Restructuring of capital and operating funds
- Implementation of a policy of preference in procurement of low-emission, fuel-efficient vehicles
- Provision of essential support for the County's emergency operations
- Implementation of revenue-generating service agreements
- Implementation of money-saving standardization of fleet equipment, such as light bars
- Compliance with safety and environmental regulations

Survey of Other Jurisdictions

To gain an understanding of distinctions and similarities across California County fleet management functions, the 10 largest California counties including Santa Clara, based on population, were surveyed. Including Santa Clara County, nine counties responded. The results of the survey are discussed where relevant throughout the report. Key highlights from the survey responses are presented as Attachment I.1.

As previously discussed, the survey showed that Santa Clara's fleet is generally older than peer county fleets. It also showed:

- Five of eight peer counties either currently require or are moving to require specific criteria, such as minimum annual or monthly miles, for justification of a County vehicle. At present, Santa Clara lacks justification criteria.

- Five of eight peer counties reported benefits, such as reduced miles and fuel consumption, as a result of use of a fleet management information system. Santa Clara currently lacks such a system.

- Some counties have adopted stronger policies or ordinances related to vehicle use than Santa Clara. For instance, in San Bernardino County, user departments – rather than the Fleet function – are responsible for paying for damages caused by their employees' negligent driving.

- In contrast to Santa Clara County's limited authorization requirements for travel across much of the State in County vehicles, Los Angeles County employees must obtain written approval from their department heads to drive County vehicles out of the County.

Acknowledgements

This audit would not have been possible without the cooperation and assistance of many County staff. We would like to thank the Fleet Management Division personnel their consistent cooperation and assistance throughout this audit. Staff was cooperative, courteous, and generous with their time. Some recommendations are the result of interviews with these personnel, and the majority of the data contained in the report was provided by Fleet Management, which often took pains to make information available quickly. In addition, numerous departmental fleet managers/coordinators were extremely helpful, taking time out from their busy schedules to provide tours of their operations, and give detailed descriptions of their activities, and provide other assistance. Lastly, we would like to thank the Controller's staff, and the Employee Services Agency staff for their assistance with payroll and related data, and insurance and vehicle accident information.

Findings, Conclusions and Recommendations

The following report includes 11 findings and recommendations intended to address a variety of issues related to the County vehicle use. Collectively, these findings illustrate the need for a complete review of all existing policies, procedures, ordinances, labor agreements and practices related to vehicle use. In that context, a broad review of Countywide and departmental vehicle-related policies and procedures should be undertaken by County administration. Accordingly, the County Executive's Office should conduct a thorough review of all existing County vehicle policies, ordinances, labor agreements and practices related to vehicle assignment and use, and submit on a timely basis a proposed comprehensive County-wide policies and procedures manual to the Board of Supervisors for approval. The manual should include, but not be limited to policies pertaining to vehicle acquisition, assignment, personal and business use, replacement, organizational responsibility for and authority over all vehicle related issues, and other topics subsequently described in this report. The manual should also include specific policies designed to implement each of the recommendations in this report that is adopted by the Board of Supervisors. The objective of the County-wide review of all vehicle-related policies and procedures is to ensure that positions whose job duties require a vehicle have access to a vehicle; that vehicles are only acquired when the need is justified based on work requirements, including minimum annual mileage standards; that all aspects of vehicle use are conducted in the most efficient and economical manner possible; and that vehicles are only assigned to individual positions if all the preceding requirements are fully met.

County of Santa Clara

Facilities and Fleet
Fleet Management
950 N. San Pedro Street
San Jose, California 95110
(408) 299-2357 FAX 294-1204

January 26, 2009

To: Cheryl Solov, Principal Management Auditor

From: Dave Snow, Fleet Manager

Subject: Fleet Management Accomplishments

Per our conversation, the following is a list of accomplishments for the Fleet Management Department:

Recommended Board Policy 4.20 – Ten Year Fleet Plan
The Ten Year Fleet Plan formalized the procedures, criteria and schedules for replacing vehicles and equipment for County departments. The fleet plan reduces the peaks and valleys of purchases to spread the capital replacement costs and to minimize overall fleet operating expenses associated with repairs for aged vehicles. Utilizing the number of vehicles within each class, divided by the years for each lifecycle yields an annual number of vehicles to be replaced within each class. Age, cost per mile and odometer are factors that prioritize replacements, eliminating the uncertainty for user departments. The Ten Year Fleet plan has reduced the number of vehicles outside of replacement criteria. This allows Fleet to manage revenue contracts while maintaining acceptable work flow for County departments as less County vehicles required extensive and costly repairs.

Consolidation
The Board of Supervisors approved the purchase of the 2265 Junction Avenue site to enable Fleet to consolidate three maintenance facilities and administrative offices. Consolidation to the new facility will provide the resources necessary to create 18 hour productive days, parking for additional revenue accounts targeted to $2M/year, in house support for the bus fleet (currently contracted at $125K/year) and expansion of the emergency vehicle installations. Vacating Roads locations frees Fleet from the lease costs distributed through the rate structure as overhead and will create opportunities to support the Civic Center Master Plan. Savings from consolidation will result in overall lower rates to departments as overhead costs will be reduced.

Departmental Reclassification
Fleet Management worked with SEIU Local 715/521 to review all productive classifications in an effort to include updated specifications and licensing requirements. FAF recommended compensation for Automotive Service Excellence (ASE) certifications; prior to the reclassification the department maintained less than ten active certifications, in six months there are now 88 certifications with three of four maintenance facilities qualifying as ASE Certified Repair Facilities. ASE is the industry standard for technician training, efficiency and safety; although it is not required it is expected most Fleet staff will achieve ASE certifications. Fleet Management will recommend additional departmental reorganization actions within the FY 2010 budget for continued support of the revenue accounts.

Fiscal Control
In 2005 Fleet was operating with a deficit of nearly $2M. This resulted in the FY 2006 mid-year rate adjustment and separation of operating and capital funds. The Capital fund represents the future replacement expenditures and acts as a repository for depreciation revenue. This action to separate the funds enabled a clear distinction between cash for operational costs and assets including depreciation. After restructuring, the Fleet ISF is operating in the black. Fleet provides a monthly cash flow to OBA and makes monthly revenue and expenditure

Board of Supervisors: Donald F. Gage, George M. Shirokawa , Ken Yeager, Liz Kniss, Dave Cortese
Acting County Executive: Gary Graves

projections. Due to the methodology of calculating monthly rates and budget timelines, projecting expenses for highly volatile fuel, lubricants, parts, and tires has been challenging. The Department recommended in 2006 that the County move to a direct fuel charge. Implementation of this recommendation has been held pending the move to the Consolidated Fleet Facility. It is anticipated that in 2010 Fleet will move to departmental direct charges for fuel usage.

Climate Action Change
Fleet Management recommended modifications to Board Policy 7.22 – Low Emission Vehicles, giving procurement preference to the lowest emission, fuel efficient vehicles. Fleet participates on the Climate Action Committee and is lead on the transportation subcommittee. 2005 emissions data for the County fleet including Roads and Airports vehicles has been submitted to ICLEI to create a baseline of carbon emissions resultant from County fleet operations. This will provide data to support Board direction to incrementally reduce emissions over the next several years. Fleet was an early adopter of ultra-low sulphur diesel and diesel particulate traps on the County fleet, successfully obtaining more than $500K in grants and rebates funding for projects that reduce emissions and pollution. Fleet recommended an application to the Board to fund a telematics program intended to reduce idling, monitor vehicle speeds and utilization, and improve routing efficiencies for County vehicles. Telematics can support direct charge for fuel to departments, removing the fuel budget from the Fleet ISF. Although the grant application was turned down by the Bay Area Air Quality District, Fleet will pursue TFCA funding in 2009 and will resubmit the project.

Logistics – Ground Transportation Support
Fleet participates in emergency planning and EOC activations within the Logistics section, providing support for route planning, resource status and vehicle and equipment deliveries. Six employees have received required ICS training so that three operational periods can be staffed for events. Fleet is responsible for the Public Health Receiving, Shipping and Storage (RSS) warehouse in the event of a Public Health Emergency, providing logistical, operational and management support to Public Health. Fleet will be responsible for activating the RSS facility, receiving and shipping of pharmaceuticals and related supplies to various points of distribution. Fleet provided direct evacuation support to the EOC during the Summit fire in 2008. Fleet is currently working with Outreach, Caltrans, SSA and the Federal Transportation administration on the Mobility Management Center Project to streamline services for at risk populations and strengthen disaster planning for special needs populations.

Service Agreements
Fleet currently manages several service agreements that generate revenue outside of the County general fund. The outside revenue sources allow Fleet Management to partially offset expenses to the General Fund by enlarging the service base across which expenses are spread. Fleet Management business model is to continuously expand outside revenue services especially in conjunction with moving to the Consolidated Fleet facility. Targeted 2009 revenue is as follows:

Service to Valley Transit Authority	830,000
Service to Outreach	2,152,357
SVS – Roads and Airports	1,800,000

Leveraging the purchasing capability and productive hours of staff, Fleet saves Outreach an estimated $750K/year over private sector contracts. These savings are translated to improved services to County clients served under the Guaranteed Ride Home Program, Give Kids a Lift Program, and through services to non-ambulatory patients served in the Health and Hospital system using OUTREACH. The Fleet burdened labor rate is $90/hour as compared to the average public sector rates of $120/hour. Several municipalities, including San Mateo County, Santa Cruz County and the City of Milpitas have expressed interest to enter into agreement for service, repair and build-outs for vehicles and equipment. The Fleet consolidation will increase productive hours and provide parking required to support additional revenue accounts.

Fleet Equipment Standardization Efforts
Fleet communicates with all County departments in an effort to streamline procurement, increase maintenance efficiency through stocked parts inventory and to enhance ability for vehicles to transfer between departments in an effort to maximize useful life. Various committees meet regularly to evaluate specifications and operational needs; for example the Sheriff department agreed to a standard light bar design that saves $90K/year, and Parks and Recreation agreed to standardize their fleet makes and models to strengthen the purchasing power

of the annual ITBs. Fleet completed vehicle schematic designs for code 3 vehicles, including the Patrol Vehicle wiring diagram, Security Van Welding instructions, Supervisor SUV command boxes, gun lockers and consoles. These illustrations and production guides allow for fleet technicians to minimize vehicle downtime. Guides also allow use of inmate labor for welding and fabrication of van cages with high degree of accuracy, saving the County $250K/year in van build outs.

Safety and Environmental Compliance

In addition to compliance with the Public Fleet Rule, Fleet Management is compliant with all air board and hazardous materials facility operational mandates. OSHA performed a full audit of the Civic garage in 2008 as a result of an employee complaint, and found minor issues to correct with minimal impact to the organization. County fuel stations will be EVR Phase II compliant before the March 1, 2009 deadline. County Risk management deemed Fleet Management to be very safe with few workplace injuries, relative to service and labor departments in the County and the industry.

Highlights of Survey Responses from Nine of the State's Ten Most Populous Counties

Responding County	Criteria for Vehicles	Avg Model Year	Vehicle Replacement Criteria	Proportion of Fleet Exceeding Replacement Criteria
Fresno	Generally require a minimum number of miles per quarter or per year to justify a vehicle, or special equipment or unique operation	2004 to 2005	None	There is no replacement criteria
Alameda	We currently have no minimums, but we are planning to implement this soon.	2002 to 2003	Unspecified	Between 5% and 10% exceed the criteria
Riverside	We are currently in the process of establishing a minimum number of miles per month by class of vehicle.	2004 to 2005	7 yrs or 115,000 miles except patrol cars they are 100,000 miles - no age	Between 5% and 10% exceed the criteria
Santa Clara	No minimums; Current practice is the Agency Director or Department Head approves assignment.	1998 to 1999	Sedan 10 yrs/100,000 miles Law Enforcement Patrol 5 yrs/95,000 miles Vans Passenger 10 yrs/100,000 miles Cargo 10 yrs/120,000 miles Light Duty Trucks Sports Utility 10 yrs/100,000 miles Pickup & 4 x 4 10 yrs/100,000 miles Medium & Heavy Duty Trucks 15 yrs/150,000 miles Buses 15 yrs/150,000 miles	Between 16% and 20% exceed the criteria
San Diego	Although County vehicles are owned by General Services, using departments pay all costs. Therefore, detailed usage information is provided to using departments and by policy they are required to account for all vehicle usage and the appropriate use of vehicles. No minimum requirements	2000 to 2001	Unspecified	Between 5% and 10% exceed the criteria
Contra Costa	3,000 miles/year, under review to be raised	2002 to 2003	90,000 miles for light duty, SUV/trucks 100,000 miles	Between 5% and 10% exceed the criteria

Highlights of Survey Responses from Nine of the State's Ten Most Populous Counties

Responding County	Criteria for Vehicles	Avg Model Year	Vehicle Replacement Criteria	Proportion of Fleet Exceeding Replacement Criteria
Los Angeles	No minimum requirements	2000 to 2001	Light Duty vehicles is 8 years or 125K miles, whichever occurs first. Heavy Duty vehicles is 10 years or 150K miles whichever occurs first. However, fiscal constraints usually cause vehicles to exceed both age and mileage criteria.	Between 21% and 25% exceed the criteria
Orange	No minimum requirements	1998 to 1999	Unspecified	Between 16% and 20% exceed the criteria
San Bernardino	There are currently no minimum requirements. However, a proposed policy requires a minimum of 400 miles per month or an authorized exception.	2006 to 2007	Generally, 6 years for sedans and 7 years for pickup trucks. Heavier vehicles are as needed. Sheriff's vehicles are generally replaced at 3 years. HSS replaces vehicles as funding is available	5% or less exceed the criteria

Highlights of Survey Responses from Nine of the State's Ten Most Populous Counties

Responding County	Benefits Realized Due to Use of Fleet Management System	Alternatives to Owned Fleet	Fuel Reduction Strategies	Are any maintenance functions substantially contracted out?
Fresno	No system	None	Purchased more efficient vehicles; restricted idling; increased use of transit/carpool; reduced commute use or fleet size	Yes, The big ones are glass, transmissions, body shops.
Alameda	Intending to install system that has greater capacities	None	Purchased more efficient vehicles	No
Riverside	Reduced maintenance costs and/or "downtime" and increase staff productivity	None	Purchased more efficient vehicles; restricted idling, increased use of transit/carpool	Unspecified
Santa Clara	No system	Personal reimbursement for Calendar year 2005 resulted in approximately 3 million miles.	Purchased more efficient vehicles; increased transit/carpool	Yes. Transmission rebuilds, glass repair/replacement, upholstery work. Currently, bus maintenance and repair is subcontracted; following Fleet consolidation at Junction it will be brought in-house ($130K annually). Currently the emergency vehicle upfits are subcontracted; following the consolidation at Junction it will be brought in-house ($120K)
San Diego	Reduced the size of the fleet, total miles, fuel consumption, speeding, trips and unauthorized use. Increased staff productivity, improved routing.	Extensive use of vehicle allowances or mileage reimbursement as an alternative to fleet vehicles	Installed fleet management system; purchased more fuel efficient vehicles, restricted idling, increased transit /carpool use	Yes, Specialty repairs such as glass, body.fender work, painting, upholstery, automatic transmission repair, radiator repairs etc.
Contra Costa	Reduced total miles, idling, fuel consumption, speeding, trips and unauthorized use. Increased increase staff productivity, improved routing.	Minimal use of driver reimbursement. Commercial car rentals (Enterprise) for peak demand if needed	Installed fleet management system, purchased more fuel efficient vehicles; reduced commute use or fleet size	Yes, body, glass, upholstery, major rebuild, hydraulic hose fabrication, some heavy equipment jobs

Highlights of Survey Responses from Nine of the State's Ten Most Populous Counties

Responding County	Benefits Realized Due to Use of Fleet Management System	Alternatives to Owned Fleet	Fuel Reduction Strategies	Are any maintenance functions substantially contracted out?
Los Angeles	Reduced speeding, and unauthorized use. Recovered stolen vehicles; resolves complaints and/or helps investigate accidents	Extensive use of vehicle allowances or mileage reimbursement as an alternative to fleet vehicles	Purchased hybrid, electric, CNG vehicles or other types of more efficient vehicles, increased transit/carpool	Yes
Orange	No system	None	Purchased hybrid, electric, CNG vehicles or other types of more efficient vehicles	No
San Bernardino	Reduced speeding, and maintenance costs and/or "downtime", unauthorized use. Helps resolve complaints/investigate accidents	None	Installed fleet management system, purchased more fuel efficient vehicles, restricted idling	No

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Section 1. Right-Sizing the County Fleet and Centralizing Fleet Authority

- **Reported odometer readings and analysis of fuel use by the Santa Clara County fleet show that many vehicles are not driven enough to be cost effective. Over an 18-month period, at least 127 vehicles were driven less than an estimated 3,000 miles a year, with an additional 149 vehicles estimated to have been driven less than 5,000 miles per year. An examination of fueling suggests many vehicles are relatively stationary: more than 11 percent of the fleet fueled only once or twice in six months. Despite the degree of under-used vehicles, at least 13 employees drive extensively in their personal cars, with the County reimbursing one staffer for some 28,000 miles in FY 2007-08.**

- **It is not cost effective for the County to provide minimally used vehicles or to pay large mileage expenses. But since the County has no vehicle-justification criteria, such as minimum miles driven, and the Fleet Manager has no authority to eliminate or re-assign under-utilized vehicles, there is no systematic process to identify, eliminate, or re-allocate under-used vehicles. Therefore, both the County's fleet and its mileage payments are larger and more expensive than necessary.**

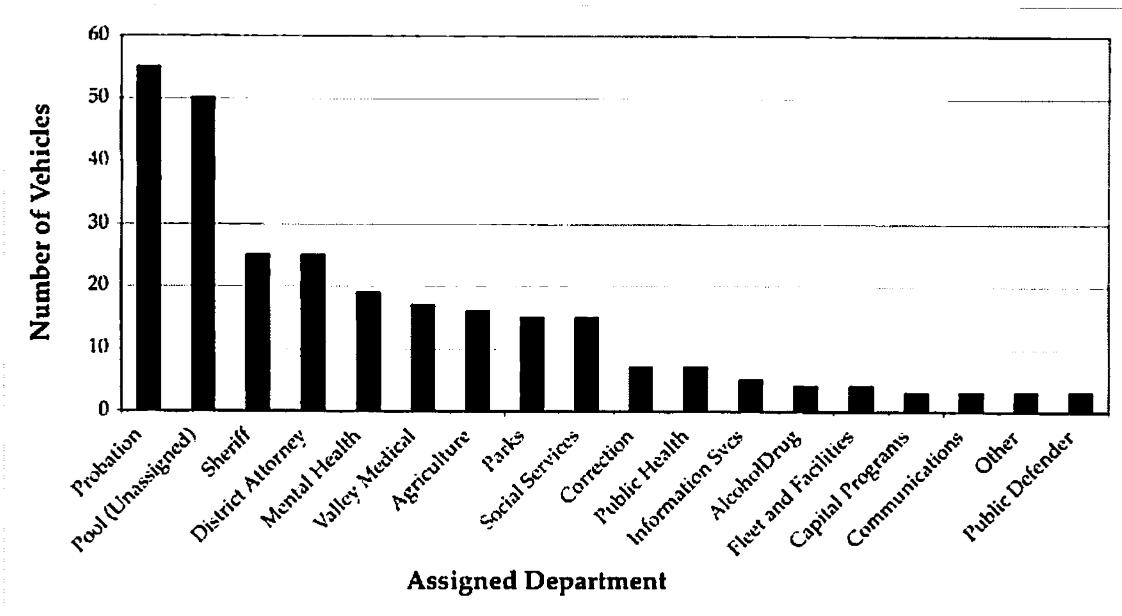
- **With exceptions as appropriate, the County should eliminate most vehicles that are consistently driven less than 5,000 miles per year. The County should also adopt a comprehensive vehicle-use policy that includes justification guidelines for County vehicles and establishes procedures and invests authority in the Fleet Manager to ensure the fleet size is appropriate and related to the County's service levels. Over time, these changes would result in one-time reduced vehicle replacement costs of more than $4.0 million, reduce the number of vehicles that must be fueled, maintained, insured and equipped, and improve the cost-effectiveness of both the fleet and mileage reimbursements.**

Assessing Fleet Utilization

Excluding Roads and Airports vehicles, equipment such as generators, and vehicles such as carts and trailers, there are around 1,800 standard vehicles in the Santa Clara County fleet. Since odometer readings are entered manually by personnel and thus prone to error, as more fully described in Section 3 of this audit, auditors estimated vehicle use and miles driven by analyzing the gallons of fuel dispensed to each vehicle, which is automatically recorded by fuel pumps. This enabled a review not only of estimated miles, but also of the frequency of fueling, which provides a sense of the frequency of use. Auditors totaled all gallons of fuel dispensed from the County pumps to each vehicle for 18 months. For the last six months of the period, auditors also included every gallon for each vehicle that was purchased at a commercial pump on a County fuel card. Auditors then excluded equipment, specialized vehicles, vehicles that were acquired after the start of the period, vehicles no longer in the fleet as of the commencement of the audit, and all vehicles to which more than 300 gallons were dispensed in the 18-month period. The remaining list contained 276 vehicles. These vehicles – which represent roughly 15 percent of the standard fleet – received between four gallons and 300 gallons of fuel, with an average of 176 gallons, over 18 months. Annualizing the data and generously assuming 25 miles to the gallon, these vehicles were driven less than 5,000 miles per year over the 18-month period preceding commencement of the audit. Reported odometer readings for these vehicles indicates they were driven an estimated average of 6,625 miles per year since their acquisition. Most of the vehicles were purchased by the County; an estimated 7.6 percent were grant funded. Chart 1.1 below shows these vehicles by department.

Chart 1.1

Distribution of 276 Vehicles Averaging
Consumption of Less than 10 Gallons of Fuel per Month

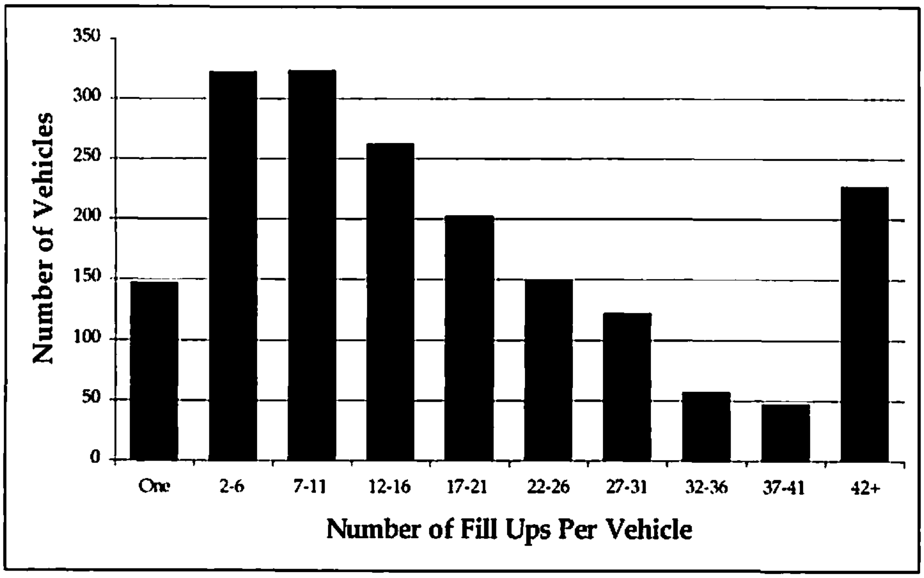


Source: Santa Clara County Fuel Data

These vehicles consumed on average less than 10 gallons of fuel per month over an 18-month period, suggesting that they are either driven infrequently or that they are used for short trips. Although some are trucks and vans, and may have low use due to serving in specialized capacities, 126 of these vehicles (46 percent) are sedans. Even assuming specialized use, the data suggest opportunities for consolidation. For example, there are three Dodge B-150 vans in one department that collectively received 26 gallons of fuel in 18 months. In addition, auditors summed the total gallons dispensed from both the County's own pumps and retail pumps via the County fuel cards to each of the 2,320 vehicles that received fuel for the six months ending December 31, 2007, which was the most recent calendar data available at the commencement of the audit. After excluding vehicles as previously described, many of the remaining 1,861 vehicles had relatively few fill-ups and significant gaps between fill-ups, as shown in Chart 1.2.

Chart 1.2

Number of Fill Ups in
Six Months for 1,861 Vehicles

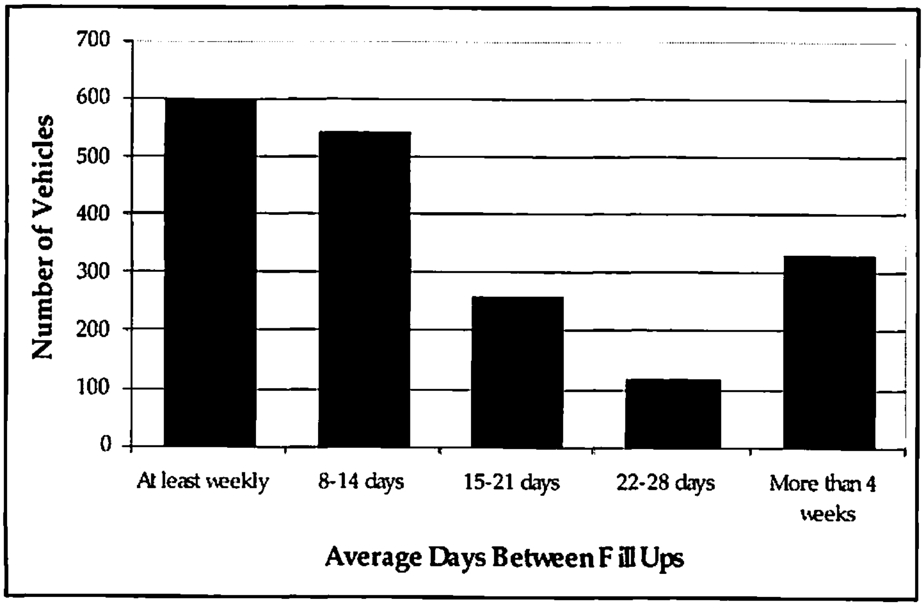


Source: Santa Clara County fuel data

As Chart 1.2 shows, 147 vehicles (almost 8 percent) fueled once. Another 323 vehicles fueled between two and six times. Chart 1.3 on the following page shows fueling frequency.

Chart 1.3

Average Days Between Fill Ups
<u>Over Six Months for 1,861 Vehicles</u>



Source: Santa Clara County fuel data

As Chart 1.3 shows, 334 vehicles were filled up, on average, less often than every four weeks. Another 119 vehicles were filled up, on average, every three to four weeks. A similar pattern emerged when auditors examined fueling patterns by driver. Section 2 of this report further describes low-use vehicles in the County's central pool.

Previous Efforts by the Board and Fleet Management to Reduce Low-Use Vehicles

Board policy 4.20.2 requires Fleet Management to conduct an annual utilization study of the existing fleet for review by the County Executive. The policy states that "the study will identify vehicles and equipment that do not meet minimum utilization criteria in an effort to reduce the overall size of the County fleet." The policy does not define "minimum utilization criteria," and it appears to leave the decision as to whether to reduce such vehicles up to the using departments. Nonetheless, Fleet Management has, on multiple occasions in the past, identified low-use vehicles through such studies and asked departments to consider returning the vehicles. This approach has resulted in very few returns. For instance, a September 2006 Vehicle Utilization Study prepared by the Fleet Manager identified 661 vehicles with reported use of less than 600 miles per month for six months. Of these, Fleet Management identified 223 vehicles for which the low mileage was appropriate, leaving 433 vehicles whose use should be further examined. In the end, departments returned just five vehicles. The Fleet Manager should have the authority to eliminate or re-assign under-used vehicles.

Vehicle Utilization and Cost Effectiveness

Under the County's 10 Year Fleet Plan policy (Board Policy 4.20), vehicles more than 10 years old are eligible for replacement, in part because it is difficult to find parts for older vehicles. (Criteria also include mileage, and vary by type of vehicle. The entire policy is provided as Attachment 1.1.) If a vehicle is driven an average of 5,000 miles per year, it would have 50,000 miles at the point of potential replacement. Assuming the vehicle cost $25,000 and the County spent $5,000 for fuel over the decade, the County would have spent $30,000 to travel 50,000 miles, not including insurance, maintenance and equipment costs. This travel therefore would cost the County well in excess of 60 cents per mile. In comparison, the County spent 44.5 cents per mile to reimburse employees for nearly 2.9 million miles driven in their vehicles in FY 2007-08. As of January 1, 2009, the County reimburses 55 cents per mile to drivers using their personal vehicles for County business. In comparison to the example vehicle driven 5,000 miles per year, at the 55-cent-per-mile rate, the County would spend well in excess of $2,500 more to provide a County vehicle than it would spend to reimburse for the same miles. Generally, vehicles that are driven relatively little are more expensive than private reimbursement or consolidation to fewer County vehicles.

Conversely, payroll records show a few employees use their personal vehicles to an extent that is not cost effective. Records for FY 2007-08 indicate that 13 employees claimed reimbursement for more than 10,000 miles in their personal vehicles, including one employee who drove more than 28,000 miles at a cost of nearly $12,640. If that employee drives the same number of miles in 2009 at a reimbursement rate of 55 cents, it will cost the County more than $15,600. It would be more cost-effective to furnish the employee with one of the County's currently under-used vehicles.

Limitations on Use of Personal Vehicles and Consolidation of Vehicles

It should be noted that in many instances, cost-effectiveness or amount of use is not necessarily the most important consideration in determining whether a County vehicle is the most appropriate means of transport. For example, a Bookmobile might be driven few miles, but it would not be practical for employees to carry a library in their personal vehicles. Social Workers transporting children taken from abusive homes need space for multiple passengers in vehicles with installed child seats; further, it could pose a safety risk for the employee to use a personal vehicle in such potentially dangerous situations. Similarly, Probation Officers may not wish to have probationers and their associates identify their personal vehicles. Other employees may have a need for undercover vehicles, or specialized equipment or vehicles, such as trucks, that they don't personally own. Some types of tasks require multiple employees to travel to different sites at similar times, precluding trip consolidation. In addition, some employees may not own cars, or their cars may not be appropriate for County use. For example, an employee's vehicle could be damaged or poorly maintained, or it could have bumper stickers, paint jobs or wraps that express religious, political or social sentiments that are inconsistent with the mission of the County. Also, the County provides relatively little insurance protection ($500) for employees using their personal vehicles for County business, which could make employees hesitant to use personal vehicles. Lastly, some County labor agreements specifically prohibit the County requiring use of personal vehicles for

County business. For example, Section 15.1(a) of the labor contract valid until June 2009 with SEIU local 535 states, in relevant part, that "no worker shall be required as a condition of obtaining or continuing County employment to possess or provide a private vehicle for (on-the-job) use...".

Despite these limitations, there are opportunities for consolidation of miles to fewer vehicles, as in the case of the previously mentioned vans, and greater opportunities for reimbursement, particularly for administrative employees traveling in standard sedans to meetings within or near the County.

Practices Elsewhere and Recommendations for Santa Clara County

Some jurisdictions have criteria for justification of fleet vehicles. For example, federal regulations – shown as Attachment 1.2 – specify "a minimum of 3,000 miles per quarter or 12,000 miles per year" for most passenger-carrying vehicles. The regulations provide for consideration of "other utilization factors, such as days used, agency mission and the relative costs of alternatives ... where miles traveled guidelines are not met." In response to the survey of other large California counties conducted for this audit, five of eight other responding counties indicated that they have current minimum vehicle justification requirements or are in the process of implementing requirements. For instance, Contra Costa County requires a minimum of 3,000 miles per year for justification of a County vehicle. As of January 2009, staff there reported that this mileage requirement is under consideration for increase.

Various jurisdictions have calculated the "break even" point for provision of a vehicle versus reimbursement of mileage. In 2004, San Jose determined that the point of cost-effectiveness for sedans was 9,000 miles per year, and 11,000 miles per year for light trucks. San Bernardino County estimates that trips under 110 miles per day are not a cost effective use of the fleet. The state of Michigan has developed an interactive "break even" calculator, as shown in Attachment 1.3, to help determine whether a State vehicle is needed.

The Board of Supervisors should direct the Administration to establish immediate fleet reduction target numbers by department. These targets should be based on the extent to which vehicle use in each department falls below an average of at least 417 miles per month (5,000 miles per year) for the most recent six months, after considering appropriate exceptions for specialized vehicles and uses, and contractual and/or grant requirements. Departments should submit a list of vehicles by vehicle number to meet these percentage targets, which should be reviewed by Fleet Management for appropriateness and submitted to the Board of Supervisors for approval.

In addition, the Board of Supervisors should direct the Administration to prepare a comprehensive vehicle policy that includes minimum criteria for justification of vehicles in the County fleet. The criteria should specify minimum miles, trips, "break even" criteria or other specific standards, as appropriate to the vehicle types and uses, and should identify vehicles and circumstances that constitute exceptions to the criteria, and establish a process by which exceptions may be approved. The policy should address the point at which the County should furnish a vehicle to the employee, such as in the previously described example of the employee who was reimbursed for more than 28,000 miles in FY 2007-08. In addition, the policy should establish a regular process by which vehicles that fail to meet the criteria are identified and removed from or re-allocated within the fleet. Lastly, the policy should address the removal or re-allocation of vehicles in the event of material reductions in service levels. The Recommended FY 2009-10 budget reduces General Fund staff by 223 positions, or 2.4 percent, compared to the adopted FY 2008-09 budget.

Based on a review of fuel use by individual driver, approximately 15 percent of staff drive County vehicles at least occasionally. The fuel data show that the number of vehicles used is closely related to the number of drivers. Assuming that 15 percent of employees supported by the General Fund are drivers of County vehicles, the fund provides vehicles to an estimated 1,393 drivers. With 223 fewer General Fund drivers, this may reduce the need for an estimated 34 vehicles. A vehicle policy should address reduction or re-allocations of vehicles being utilized by functions that have been reduced, consolidated or eliminated.

CONCLUSION

A lack of comprehensive criteria governing justification of County vehicles has led to a fleet that is 10 to 15 percent larger than necessary. At the same time, a few County employees are driving extensively in their personal vehicles. By reducing the overall fleet at a rate proportionate to under-use, and re-assigning under-used vehicles to employees whose work requires extensive driving, the County could save as much as $4.0 million in one-time replacement costs in less than 10 years, as it foregoes expenses to replace, equip and insure vehicles in favor of reimbursing for mileage and consolidating trips, and reducing large mileage reimbursement payments. This estimate assumes that employees continue to drive the same number of miles, and therefore that there is no reduction in fuel or maintenance expenses.

RECOMMENDATIONS

The Board of Supervisors should:

1.1 Direct the Fleet Manager, in consultation with relevant departments, to submit a draft vehicle justification policy for consideration by the Board. The proposed policy should include criteria for justification of County vehicles, such as minimum mileage or days of use, and identify exceptions and/or a process for exempting vehicles. The policy should provide for a systematic process to identify and eliminate or re-allocate vehicles that do not meet the criteria, and should address potential fleet reduction as a consequence of material reductions in service levels. The policy should provide criteria for determining when a County employee should have a County-provided vehicle based on annual miles and/or other criteria. The policy should grant the Fleet Manager the authority to eliminate or re-assign under-used vehicles. (Priority 1)

1.2 Direct the Fleet Management Division to determine, after accounting for appropriate, common-sense exceptions, the existing number of each department's fleet that over the most recent six months averaged less than 417 miles per month, and direct that each affected department use this number as the basis for preparing and submitting a list of vehicles proposed to be reduced from its fleet. This list should be submitted to Fleet Management for review and to the Board of Supervisors for potential approval. (Priority 1)

SAVINGS, BENEFITS AND COSTS

Implementation of Recommendation 1.1 would ensure that the County's fleet is appropriate to the needs of the County and more cost effective than it is now. Implementation of Recommendation 1.2 would result in elimination of the cost to replace, insure and equip a maximum of about 250 vehicles. The amount of savings would depend on the number and type of vehicles not replaced. Assuming that these miles would continue to be driven by the remaining vehicles in the fleet, this vehicle reduction would shift the cost of these *miles* to mileage reimbursement, and/or maintenance and fueling of the remaining fleet, and/or use of other transportation options, such as vehicle rental. Nonetheless, there would be considerable savings over time due to the County not replacing the existing vehicles.

4.20 TEN-YEAR FLEET PLAN (Adopted 1-23-07)

4.20.1 Purpose

The purpose of this policy is to establish the fleet plan for replacement of County vehicles and equipment. The objective is to standardize the fleet replacement process to create an orderly system of purchasing and funding fleet replacement to allow the County to accurately plan and budget for future departmental transportation requirements.

The Ten-Year Fleet Plan provides for replacement intervals on an annual basis to reduce capital, operating and maintenance costs thereby maximizing the safety and efficiency of the fleet. The Plan is referred to as the Ten-Year Fleet Plan since the replacement criteria leads to the majority of the fleet vehicles being replaced every ten years.

4.20.2 General Procedures

(A) Fleet Management will conduct an annual utilization study of the existing fleet for review by the County Executive. The study will identify vehicles and equipment that do not meet minimum utilization criteria in an effort to reduce the overall size of the County fleet.

(B) Based on this study, Fleet Management will initiate the vehicle replacement request cycle each fiscal year in November. Fleet Management will recommend specific vehicles for replacement based on factors identified in Section 4.20.3 below.

(C) Fleet Management will review recommended replacements with Agency and Department Heads, and will submit a final recommendation to the Office of the County Executive for analysis.

(D) Fleet Management will then prepare the annual Vehicle and Replacement Transmittal and recommendation for approval by the Board of Supervisors.

4.20.3 Vehicle and Equipment Replacement Criteria

County vehicles and equipment acquired and maintained by Fleet Management are recommended for replacement in accordance with this guideline/procedure.

<u>GENERAL</u>

The following plan will be used to determine specific annual replacements by vehicle class:

(A) Take the number of vehicles in each class, divided by the Age/Miles replacement criteria, to arrive at an average number of vehicles per year to be replaced.

(B) Use the cost per mile analysis (summary of all costs associated with the vehicle including labor and parts as compared to class averages) for primary criteria in evaluating which vehicles within each specific class should be replaced.

(C) Use age of the vehicle as next criteria since safety is a primary concern and older vehicles present significant challenges to acquire parts.

(D) Use odometer miles as next criteria since high miles create excessive wear and tear on major system components.

(E) Use safety features, fuel economy and vehicle emissions characteristics to prioritize replacement vehicles.

Overall priority for replacement will be given to vehicles within those departments whose services relate to public health and safety and law enforcement.

ACQUISITION

The Fleet Management Department is responsible for acquiring all County vehicles with the approval of the County Procurement Director. Purchases will be evaluated under State of California contract or local bid for lowest acquisition cost.

The Fleet Manager and Department or Agency Head will jointly review and approve all specifications for new purchases of County vehicles and motorized equipment. Purchase recommendations will attempt to reduce emissions and fossil fuel dependence with alternate fuel and hybrid vehicles when applicable.

Additional vehicles are defined as any increase in the total number of vehicles assigned to a County department. Additions to the fleet are to be approved by the Office of Budget and Analysis. Requests must include approval from Agency or Department Head and Fiscal Officer. Vehicles not returned to the fleet after replacement will be considered additions to the fleet and must be approved as an addition.

Grant funded vehicles will be considered as additional vehicles and require approval from the Office of Budget and Analysis. The Fleet Manager and requesting department will jointly review and approve all specifications for grant purchases.

If a department desires to add or replace a vehicle to the fleet, outside of the annual vehicle replacement request process, a completed Vehicle Request Form shall be submitted for processing. A budget amendment request for funding may also be needed.

AGE/MILE REPLACEMENT CRITERIA

The targeted replacement cycles, in terms of years and miles for the current fleet, are as follows:

DESCRIPTION AGE/MILES

Automobiles:

- Sedan 10 years/100,000 miles
- Law enforcement Patrol 5 years/95,000 miles

Vans:

- Passenger 10 years/100,000 miles
- Cargo 10 years/120,000 miles

Light Duty Trucks:

- Sports Utility 10 years/100,000 miles
- Pickup and 4x4 10 years/100,000 miles

Medium and Heavy Duty Trucks:

- 15 years/150,000 miles

Buses:

- 15 years/150,000 miles

Miscellaneous Equipment:

- By condition

REPLACEMENT OF FIXED ADD ON EQUIPMENT - 10 YEARS

Light Bars, Two-Way Radios, Sirens, Speakers, Tool Boxes and other add on equipment with remaining useful life shall be reconditioned and reassigned.

[Code of Federal Regulations]
[Title 41, Volume 2, Chapter 101]
[Revised as of July 1, 1999]
From the U.S. Government Printing Office via GPO Access
[CITE: 41CFR101-39.301]

[Page 409]

TITLE 41--PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

CHAPTER 101--FEDERAL PROPERTY MANAGEMENT REGULATIONS

PART 101-39--INTERAGENCY FLEET MANAGEMENT SYSTEMS--Table of Contents

Subpart 101-39.3--Use and Care of GSA Interagency Fleet Management System Vehicles

Sec. 101-39.301 Utilization guidelines.

An agency must be able to justify a full-time vehicle assignment. The following guidelines may be employed by an agency requesting GSA Interagency Fleet Management System (IFMS) services. Other utilization factors, such as days used, agency mission, and the relative costs of alternatives to a full-time vehicle assignment, may be considered as justification where miles traveled guidelines are not met.

(a) Passenger-carrying vehicles. The utilization guidelines for passenger-carrying vehicles are a minimum of 3,000 miles per quarter or 12,000 miles per year.

(b) Light trucks and general purpose vehicles. The utilization guidelines for light trucks and general purpose vehicles are as follows:

(1) Light trucks and general purpose vehicles, 12,500 lbs. Gross Vehicle Weight Rating (GVWR) and under--10,000 miles per year.

(2) Trucks and general purpose vehicles, over 12,500 lbs. GVWR to 24,000 lbs. GVWR--7,500 miles per year.

(c) Heavy trucks and truck tractors. The utilization guidelines for heavy trucks and truck tractors are as follows:

(1) Heavy trucks and general purpose vehicles over 24,000 lbs. GVWR--7,500 miles per year.

(2) Truck tractors--10,000 miles per year.

(d) Other trucks and special purpose vehicles. Utilization guidelines for other trucks and special purpose vehicles have not been established. However, the head of the local office of the agency or his/her designee shall cooperate with GSA IFMS fleet management center personnel in studying the use of this equipment and take necessary action to ensure that it is reasonably utilized or returned to the issuing GSA IFMS fleet management center.

[51 FR 11023, Apr. 1, 1986, as amended at 56 FR 59890, Nov. 26, 1991; 58 FR 63533, Dec. 2, 1993]

Vehicle Breakeven Calculator - FY09

Effective January 1, 2009 ***XP Users: See important note at end of page**

Uncertain whether to consider a permanently assigned vehicle, a pool vehicle or provide mileage reimbursement? Consider this Vehicle Breakeven Calculator as a tool to assist in making your determination. Contained within this tool is an Outside Rental Breakeven Calculator to assist in making a decision on whether to reimburse, provide a vehicle, or use an outside rental.

NOTE: The premium mileage reimbursement rate is $.55 per mile, effective January 1, 2009.

Instructions for using the Vehicle Breakeven Calculator:

Using the button entitled "Summary Calculator," provide the requested data.

1. If it is a Monthly need, then use the first box, or if you are considering a daily need, then use the second box.
2. Enter the average number of miles expected to travel.
3. Answer the question, either Yes or No, on whether there is a state vehicle available.

Once you have entered this information, one of two messages will appear as the Lowest Cost of Transportation.

1. Provide reimbursement, or
2. Provide a state vehicle

The button entitled "Breakeven Analysis" is to be used for reference only. This sheet explains the values used to calculate and respond to the entries made on the "Summary Calculator" sheet.

* If you are running Windows XP and cannot access the Vehicle Breakeven Calculator, first open a blank Excel worksheet. From the top toolbar, select Tools, Macros, Security, and change the security setting to Medium. Click OK and close Excel. Then select the Vehicle Breakeven Calculator link from this page.

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Section 2. Central Vehicle Pool Use

- **To provide transportation to County staff while assigned vehicles are being serviced and for occasional use when the overall need does not justify the full-time assignment of a vehicle, the Fleet Management Division operates a central pool of approximately 180 vehicles.**
- **An analysis of 12 months of use data shows that, on the average day from May 2008 to April 2009, more than half of these pool vehicles were not driven at all. The only types of vehicles used more often than not were sedans, which were in use 53 percent of the time. Pickups were in use only 43 percent of the time.**
- **By reducing the number of vehicles in the pool to approximately 139 vehicles dispersed among the vehicle types, an annual savings of approximately $936,000 could be achieved over time as a result of reduced replacement costs, while still meeting 98 percent of the demand for pool vehicles. Any sporadic need for additional vehicles should be addressed through use of rental cars on an as-needed basis.**

The Fleet Management Division operates a centralized vehicle pool that provides vehicles for County employees when their assigned vehicles require service or for occasional needs that do not justify the full-time assignment of a vehicle. As of May 2009, the pool consisted of 180 vehicles, ranging from full-size sedans to box trucks. (This analysis reflects only the central pool, and does not relate to vehicle pools operated by various County departments.) It should be noted that the volume and composition of vehicles in the central pool, as well as in departmental fleets, changes frequently due to rotation of vehicles, decommissioning of vehicles and purchase of new vehicles.

In an analysis of vehicle pool usage from May 2008 to April 2009, an average of only 88 vehicles, or 49 percent, were utilized by County employees each day, and 92 vehicles on average, or 51 percent, were idle each day, assuming an average of 180 vehicles available. This indicates excess in vehicles available in the County pool. The table on the following page describes the vehicle pool usage, including highest, lowest, and average utilization per month for the period analyzed.

Table 2.1

Central Vehicle Pool Use
May 2008-April 2009

Months	Highest Number of Pool Vehicles in Use	Lowest Number of Pool Vehicles in Use	Average Usage	Percent of Pool Vehicles in Use on Average
May 2008	157	91	115	64.1
June 2008	113	73	92	51.0
July 2008	105	78	92	50.9
August 2008	104	66	92	51.3
September 2008	98	60	85	46.9
October 2008	103	69	85	47.2
November 2008	112	71	89	49.4
December 2008	107	77	93	51.7
January 2009	104	67	84	46.7
February 2009	96	64	84	46.4
March 2009	134	68	97	54.0
April 2009	79	8	51	28.1

Source: Pool vehicle use data provided by the Fleet Management Division
Note: The figures for April 2009 reflect only partial data.

As shown above, actual Fleet vehicle pool use is far below the 180 vehicles that were available in May 2009. The most cars used on a single day in the period analyzed was 157 in May 2008, which is 23 vehicles (13 percent) less than the total number of vehicles in the pool.

To ensure staff needs are met, the Fleet pool has a number of different kinds of vehicles available, including sedans, pickup trucks, SUVs, minivans, passenger vans, and box trucks. Use of each type of pool vehicle varies widely. Table 2.2 on the next page describes the pool vehicle types available and compares them with the actual usage from May 2008 through April 2009.

Table 2.2

Pool Use by Vehicle Type
May 2008 through April 2009

Vehicle Type	Sedans	Pickups	SUVs & Vans	Box trucks/ carts
Number of Vehicles by Type as of May 2009	88	31	60	1
Number of "Vehicle Days" (Number of Vehicles Multiplied by Available Days)	32,120	11,315	21,900	365
Number of Actual Vehicle Days of Use	16,713	4,830	10,290	365
Average Percentage of Vehicle Days Used	52%	43%	47%	100%
Average Percentage of Days Idle	48%	57%	53%	0%

Source: Pool vehicle types and usage data provided by Fleet Management Division
Notes: Attachment 2.1 to this report describes the vehicle types in more detail.
April 2009 data is partial.

As described in Table 2.2 above, the 88 sedans in the County vehicle pool are the most frequently used vehicles in the fleet (representing 52 percent of all days of use). On the highest day of use, 78 sedans were used. On the lowest day of use, four sedans were used. The average sedan usage for the year is 46 per day, or 52 percent. The average pickup is used about 43 percent of the time. SUVs and vans are the second most popular vehicle type after sedans. At most, a total of 57 vehicles of this type were used in one day, with the lowest day usage of three SUVs or vans. The average usage for a SUV or van in the year analyzed was 47 percent.

As per the utilization data in the table above, the vehicles utilized do not accurately match the vehicles available in the pool. On the average day, 48 percent of the sedans are unused, 57 percent of the pickups are unused, and 53 percent of SUVs and vans are unused.

Fleet Management should reconsider the number and types of vehicles made available in the pool and dispose of vehicles that are unnecessary. If Fleet could dispose of some vehicles in the pool, there would be a potential one-time benefit of disposal and auction for each vehicle removed. The largest savings would come from reduction in vehicle replacement costs. Fleet Management should reduce its vehicle pool fleet by approximately 36 vehicles. A breakdown of recommended reductions by vehicle type is described in the table below.

Table 2.3

Recommended Pool Fleet Changes

Vehicle Type	Sedans	Pickups	SUVs & vans	Box trucks/ carts*
Number in Fleet as of May 2009	88	31	60	1
Recommended Reduction	(26)	(8)	(14)	0
Target Number in Fleet	62	23	46	1
Additional Factor for Service Time	6	2	4	0
Final Recommended Fleet Size	68	25	50	1
Net Fleet Pool Reduction	20	6	10	0

Source: Pool vehicle types and usage data provided by Fleet Management

The recommended reductions of 26 sedans, eight pickups, and 14 SUVs and vans would reduce the current fleet pool to 144 vehicles, or a total reduction of 20 percent. The recommended reductions would accommodate nearly all County employee needs for pool vehicles. Using the usage data from May 2008 to April 2009 as a comparison, a reduction in 26 sedans would still accommodate all but seven days of the year, or 98 percent of requested usage for sedans. Similarly, a reduction of eight pickups would still accommodate all but five days of demonstrated usage in the year analyzed, or approximately 98 percent. A reduction of 14 SUVs and vans would accommodate all but eight days of the year, or 98 percent of requested usage. Further, these reductions are amended by an addition of 10 percent to accommodate for vehicles that are out of the pool for repair and routine maintenance. The net reduction totals 36 vehicles: 20 sedans, six pickups, and 10 SUVs and vans. To accommodate instances when the County pool would not be sufficient, employees should be permitted to rent vehicles on an as-needed basis for County business. The County Director of Procurement advised that the County as of May 2009 had a contract with a vehicle rental company that provides vehicles to the County on an as-needed basis at discounted rates.

The recommended reductions would provide fewer vehicles available in the pool for County employee needs. However, given the May 2008 to April 2009 usage data, the recommended reductions would still accommodate 98 percent of all days. Further, if in the rare occurrence one category of vehicle is utilized at full capacity and there is still requested need, other types of cars can be used as substitute. For example, if all the sedans are checked out, a County employee could check out an SUV for the day instead.

CONCLUSION

The 180-vehicle pool operated by Fleet Management provides vehicles for County employees. However, the size of the pool fleet does not match employee need, and approximately 51 percent of the pool was not used on the average day from May 2008 to April 2009. By looking further by vehicle type, on the average day, 48 percent of pool sedans were unused, 57 percent of pool pickups were unused, and 53 percent of pool SUVs and vans were unused. Based on the current level of usage of pool cars, a gross reduction of 27 percent is recommended. A net reduction of 20.0 percent, or 36 vehicles, including 20 sedans, six pickups, 10 SUVs and vans, would still accommodate 98 percent of all County pool usage.

RECOMMENDATIONS

The Board of Supervisors should:

2.1 Direct the Fleet Management Division to reduce the vehicle pool fleet by 20 sedans, six pickups, and 10 SUVs and vans that would still accommodate 98 percent of all County pool usage. (Priority 1)

2.2 Direct the Fleet Management Division to utilize the County's existing rental car contract to accommodate those limited instances when the County pool would not be sufficient to meet County needs. (Priority 1)

SAVINGS, BENEFITS AND COSTS

The implementation of these recommendations would result in estimated savings of more than $936,000. The largest savings would come from the County not replacing these vehicles. The average replacement cost for a County vehicle is nearly $26,000. Therefore, by not replacing these vehicles, the County would realize average annual savings of an estimated $936,000 in vehicle replacement expenses. In addition, the County would generate a modest amount of one-time revenue from the sale of surplus vehicles. There would be a modest amount of additional cost as County employees rent vehicles in instances when the pool is insufficient to meet the needs of staff.

Vehicle Rates FY10

Effective 7/1/09

CLASS	DESCRIPTION	Rate per mile	Fuel per mile	Maintenance pre mile	Fleet OH per month	Depreciation per month	Interest per month	Daily Rate	Useful Life
110	SEDAN FULL SIZE COMM EQUIPMENT	0.550	0.217	0.333	175	0	0	8	5
111	SEDAN FULL SZ C/E NOT S/O DA	0.550	0.217	0.333	175	0	0	8	5
140	SEDAN PATROL LAW ENFORCEMENT	0.658	0.325	0.333	175	0	0	8	3
160	SEDAN FULL SIZE	0.524	0.191	0.333	175	0	0	8	5
180	SEDAN COMPACT	0.468	0.135	0.333	175	0	0	8	5
190	HYBRID SEDAN	0.414	0.081	0.333	175	0	0	8	5
195	ELECTRIC CART	0.000	0.000	0.000	88	0	0	4	5
200	PICKUP 2 WHEEL DRIVE	0.550	0.217	0.333	175	0	0	8	5
205	PICKUP 2WD COMMUNICATION EQUIP	0.550	0.217	0.333	175	0	0	8	4
206	PICKUP 2WD C/E NOT S/O	0.550	0.217	0.333	175	0	0	8	4
215	PICKUP HEAVY DUTY/DUAL WHEELS	0.550	0.217	0.333	175	0	0	8	5
220	PICKUP 4 WHEEL DRIVE	0.583	0.250	0.333	175	0	0	8	5
225	PICKUP 4WD COMMUNICATION EQUIP	0.604	0.271	0.333	175	0	0	8	4
226	PICKUP 4WD C/E NOT S/O DA	0.604	0.271	0.333	175	0	0	8	4
230	TRUCK ANIMAL CNTRL COMM EQUIP	0.604	0.271	0.333	175	0	0	8	3
245	PICKUP CREWCAB 4WD COMM EQUIP	0.583	0.250	0.333	175	0	0	8	5
250	SUV 4 WHEEL DRIVE	0.565	0.232	0.333	175	0	0	8	5
260	SUV 4WD COMMUNICATION EQUIP	0.658	0.325	0.333	175	0	0	8	3
320	STATION WAGON	0.524	0.191	0.333	175	0	0	8	5
400	VAN COMMUNICATION EQUIPMENT	0.565	0.232	0.333	175	0	0	8	5
405	MINI VAN CARGO	0.524	0.191	0.333	175	0	0	8	5
407	MINI VAN PASSENGER	0.524	0.191	0.333	175	0	0	8	5
410	VAN CARGO	0.583	0.250	0.333	175	0	0	8	5
415	VAN PASSENGER	0.583	0.250	0.333	175	0	0	8	5
420	VAN LAW ENFORCEMENT TRANS	0.604	0.271	0.333	175	0	0	8	3
430	VANý PASSENGER 4 WHEEL DRIVE	0.583	0.250	0.333	175	0	0	8	5
490	VAN WHEELCHAIR CARRIER	0.604	0.271	0.333	175	0	0	8	5
550	BUS DIESEL	0.870	0.537	0.333	263	0	0	12	10
600	FLATBED/STAKEBED TRUCK	0.739	0.406	0.333	175	0	0	8	5
605	MOBILE SERVICE TRUCK	0.740	0.407	0.333	175	0	0	8	5
620	DUMP TRUCK LARGE	0.740	0.407	0.333	175	0	0	8	5
625	DUMP TRUCK SMALL	0.739	0.406	0.333	175	0	0	8	5
630	BOX TRUCK REFRIGERATOR	0.875	0.542	0.333	263	0	0	12	5
645	BOX TRUCK LARGE	0.875	0.542	0.333	175	0	0	8	5
650	BOX TRUCK SMALL	0.875	0.542	0.333	175	0	0	8	5
700	BOOKMOBILE	0.875	0.542	0.333	105	0	0	5	5
705	DIESEL TRUCK	0.739	0.406	0.333	175	0	0	8	5
711	MOTORHOME	0.875	0.542	0.333	263	0	0	12	5
712	BOMB TRUCK	0.739	0.406	0.333	175	0	0	8	5
730	PALLET TRUCK	0.000	0.000	0.000	35	0	0	2	5

735	FORKLIFT	0.000	0.000	0.000	88	0	0	4	5
750	WAREHOUSE LIFT	0.000	0.000	0.000	35	0	0	2	5
810	SCOOTER/CART	0.000	0.000	0.000	35	0	0	2	5
815	ALL TERRAIN VEHICLE	0.000	0.000	0.000	35	0	0	2	5
820	MOTORCYCLE OFF-ROAD	0.000	0.000	0.000	53	0	0	2	3
830	MOTORCYCLE PATROL	0.441	0.108	0.333	175	0	0	8	3
860	GAS TEST UNIT CHASSI	0.658	0.325	0.333	88	0	0	4	5
880	BOAT	0.000	0.000	0.000	175	0	0	8	5
895	DUMP TRAILER	0.000	0.000	0.000	88	0	0	4	5
110N	SDN FULL SZ C/E 5 YRS OR LESS	0.550	0.217	0.333	175	475	1	30	5
111N	SDN FULL SZ C/E NOT S/O DA	0.550	0.217	0.333	175	452	1	29	5
140N	SDN PTRL LAW ENF 3 YRS OR LESS	0.658	0.325	0.333	175	1,166	3	61	3
160N	SDN FULL SZ 5 YRS OR LESS	0.524	0.191	0.333	175	350	1	24	5
180N	SEDAN COMPACT 5 YRS OR LESS	0.468	0.135	0.333	175	287	1	21	5
190N	HYBRID SEDAN - 5 YRS OR LESS	0.414	0.081	0.333	175	400	2	26	5
195N	ELECTRIC CART 5 YS OR LE	0.000	0.000	0.000	88	333	1	19	5
200N	PICKUP 2WD 5 YRS OR LESS	0.550	0.217	0.333	175	300	1	22	5
205N	PICKUP 2WD C/E 4 YRS OR LESS	0.550	0.217	0.333	175	617	2	36	4
220N	PICK UP 4WD 5 YRS OR LESS	0.583	0.250	0.333	175	398	2	26	5
225N	PICKUP 4WD C/E 4 YRS OR LESS	0.604	0.271	0.333	175	714	2	41	4
226N	PICKUP 4WD C/E NOT S/O DA	0.604	0.271	0.333	175	771	2	43	4
230N	TRUCK ANML CTL C/E 3 YS OR LES	0.604	0.271	0.333	175	1,622	6	82	3
250N	SUV 4WD 5 YRS OR LESS	0.565	0.232	0.333	175	417	2	27	5
260N	SUV 4WD C/E 3 YRS OR LESS	0.658	0.325	0.333	175	1,269	3	66	3
320N	STATION WAGON 5 YRS OR LESS	0.524	0.191	0.333	175	202	1	17	5
405N	MINI VAN CARGO 5 YRS OR LESS	0.524	0.191	0.333	175	206	1	17	5
407N	MINI VAN PASS 5 YRS OR LESS	0.524	0.191	0.333	175	361	1	24	5
410N	VAN CARGO 5 YRS OR LESS	0.583	0.250	0.333	175	333	1	23	5
415N	VAN PASSENGER 5 YRS OR LESS	0.583	0.250	0.333	175	304	1	22	5
420N	VAN L/E TRANS 3 YRS OR LESS	0.604	0.271	0.333	175	1,056	3	56	3
490N	VAN WHEELCHAIR 5 YRS OR LESS	0.604	0.271	0.333	175	933	4	51	5
555B	BIG BUS DIESEL LE	0.875	0.542	0.333	263	0	0	12	10
555BN	BIGBUS DIESL LE 10YRS OR LESS	0.875	0.542	0.333	263	1,323	5	72	10
600N	FLTBD/STKBD TRUCK 5 YRS OR LES	0.739	0.406	0.333	175	365	1	25	5
630N	BOX TRUCK REFRIG 5YRS OR LESS	0.875	0.542	0.333	263	1,604	6	85	5
650N	BOX TRUCK SMALL 5 YRS OR LESS	0.875	0.542	0.333	175	1,111	4	59	5
670N	BOBTAIL 5 YRS OR LESS	0.874	0.541	0.333	175	1,678	7	85	5
700N	BOOKMOBILE 5 YRS OR LESS	0.875	0.542	0.333	105	1,719	7	83	5
735N	FORKLIFT 5 YRS OR LESS	0.000	0.000	0.000	88	409	2	23	5
810G	SCOOTER-GAS	0.000	0.000	0.000	35	0	0	2	5
830N	MOTRCYCLE PTRL 3 YRS OR LESS	0.441	0.108	0.333	175	505	1	31	3
890T	TRAILER - FLEET	0.000	0.000	0.000	53	0	0	2	5
890TN	TRAILER- FLEET-UNDER 5 YEARS	0.000	0.000	0.000	53	420	2	22	5

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Section 3. Internal Controls over Vehicles and Fuel

- An analysis of records that pertain to use of the County's 1,800 vehicles and interviews with managers suggest that, while the vast majority of County employees appear to use the fleet for its intended business purposes, some drivers engage in irregular and wasteful practices.
- Employees have driven County vehicles to distant locations for which travel authorizations were not on file. Records suggest some employees have used County cars for side journeys beyond authorized business destinations and others have used County vehicles while off work or while on vacation. Most travel could not readily be assessed because County policies permit employees to traverse much of the state without written authorization or documentation, the appropriateness of an estimated 1,748 annual out-of-County fill-ups cannot readily be assessed.
- In addition, a small number of employees have permitted vehicles to go for excessive periods without service. Lastly, the employee practice of entering inaccurate odometer readings when dispensing fuel is rampant. This practice undermines the ability of management to become aware of inappropriate use of vehicles or fuel. While this audit has not found sweeping irregularities, the problems identified suggest broad opportunities for misuse of assets that should be curtailed through implementation of improved controls.
- The County should implement improved vehicle use polices and procedures, including more comprehensive travel authorization requirements and management information systems. Such improvements would reduce unauthorized and non-business use of County vehicles and associated costs.

Internal Control of County Vehicles and Fuel

As described in Attachment 3.1, County vehicles may be fueled by several means, some of which generate data showing the time, location and date of fueling. Among other data, auditors examined each purchase made on County fuel cards for the period from July 1 through December 31, 2007. The bulk of these purchases occurred within Santa Clara County, but some 27 percent of retail fill-ups were made out-of-County, as far as 840 miles from San Jose.

Review of these and other records indicated five types of internal control problems, described below.

Control Problem 1: Weak Policies, Conflicting Policies and Weak Records

As detailed in Section 5 of this report, the County lacks a comprehensive vehicle use policy. Use of Santa Clara County vehicles is governed directly by Policy 706.2, "County Vehicle Use," which states, in relevant part, that County vehicles are to be used "only for County business." (See Attachment 3.2.) However, some departments have their own policies, which may conflict with the County policy. For instance, the Sheriff's Office General Order Number 13, adopted on April 15, 2008, specifically authorizes personal use of County vehicles for persons occupying the following positions: Sheriff, Undersheriff, Commander, Captain, Lieutenant, any other employee designated in writing by a Commander or higher ranking department official, and persons temporarily on call "when the nature of the assignment actually and necessarily creates a high probability of an immediate response to a call."

The Department of Correction (DOC) has a similar policy, Policy 1.55 as amended on February 2, 2004, which exempts some employees from the business-use only provision for assigned vehicles. This applies to the Department's Chief and Assistant Chief, Captains, Lieutenants, the Public Information Officer and two Internal Affairs Sergeants. In this instance, these departments' policies are broader than the County policy. Upon receipt of draft sections of this report, in May 2009, DOC management indicated that the intent of the DOC policy was not to provide for personal use of County vehicles. At the time this report was issued, this policy was being revised by DOC. In other instances, department policies may be more restrictive than County policies. For instance, there is a County travel policy, established pursuant to County Ordinance Section A31-1.1, that relates indirectly to vehicle use. Copies of these documents are provided as Attachment 3.3.

The County's elected and senior officials and aides have different requirements, but, for most employees, the travel policy requires advance *written* authorization for travel by auto only for 1) out of state travel, and, 2) in-state travel if advance funds are requested or "if overnight lodging" is "included." It is unclear whether the policy means that employees may travel in state for business purposes without written approval so long as they do not *stay* overnight, or whether it applies only if lodging *costs* are incurred. In any case, the policy effectively permits employees to drive County vehicles over a large area with neither written documentation nor written authorization.

Although the Controller processes some authorizations centrally, authorizations also may be processed by individual departments. Auditors reviewed records that were available through the Controller, which processes all of the Health and Hospital System records, as well as records provided by Social Services, the District Attorney, the Sheriff, Correction, Agriculture and Environmental Management, and Probation departments. The Board of Supervisors should direct the Administration to prepare for its adoption a comprehensive vehicle-use policy that requires departments that process travel authorizations provide a quarterly summary to the Controller. Fleet Management should also produce a quarterly report of fuel card purchases, which should be sent to departments. Department fiscal staff should periodically compare samples of fuel-purchase data to travel authorizations and travel destination logs to ensure that vehicle use is appropriate. (Alternatively, such reviews would not be necessary for vehicles included in the fleet management information system described in Section 4.)

Out-of-County Fill-Ups

This review of six months of data identified 1,108 out-of-county fill-ups, which represents an estimated 2,216 out-of-County fill-ups per year, occurring in 239 different cities and towns. These fill-ups consumed 14,516 gallons, which represents an estimated annual consumption of 29,032 gallons. In some instances, there are multiple fuel stops on a single trip. Auditors determined that at least 234 fill-ups (21 percent) occurred on authorized business trips. The basis for the remaining 874 fill-ups could not be determined. This is because there are few instances in which a travel authorization would have almost certainly been required, assuming that an employee could travel as much as four hours one-way, conduct business, and return on the same day, without triggering the requirement to obtain a written travel authorization. This assumption eliminated auditors' review of 827 (95 percent) of remaining out-of-County fill-ups. While presumably the remaining 47 (5 percent) of fill-ups should have had a travel authorization, most of these occurred at times and locations where a County employee could reasonably have been conducting County business. For example, fill-ups in Bakersfield and other nearby communities could be due to County employees conducting business at the State prison or the State hospital there. After eliminating trips that appeared most likely to have been reasonably made without requiring an overnight stay, and eliminating trips to locations with the greatest likelihood that employees could be conducting business, a handful of locations remained. These are shown in Table 3.1.

Table 3.1

Probable July to December 2007 Overnight Travel in County Cars for Which Auditors Did Not Locate Written Authorization

Month	Farthest Fuel Purchase Site	State	Approximate Drive Time
October	Carson City*	NV	4.5 Hours
November	Yreka*	CA	5.5 Hours
September	Santa Barbara*	CA	4.5 Hours
December	Orange*	CA	6 Hours
September	Carlsbad*	CA	7 Hours
July	San Fernando	CA	5 Hours
August	Long Beach	CA	6 Hours
December	La Verne	CA	6 Hours
July	Garden Grove	CA	6 Hours
October	San Clemente	CA	6.5 Hours
August	Malibu*	CA	6 Hours
October	Reno*	NV	4 Hours

Source: Santa Clara County fuel card transaction records
**According to these employees' department, these trips were authorized business travel.*

Because of the location, timing, and vehicles involved in the above fill-ups, it is reasonable to conclude that those trips should have had a written travel authorization. No authorizations were found for these trips.

According to the employee's department, the fill-up in Malibu was associated with a verbally authorized business trip to San Diego. The department reports that the Carson City and Reno fill-ups were also associated with authorized business travel, although forms could not be located.

The department responsible for the employees who fueled in San Fernando, Long Beach, La Verne, Garden Grove and San Clemente report that authorization forms were not located, but noted that these employees are required to travel extensively for County business.

The department responsible for the employees who fueled in Yreka, Santa Barbara, Carlsbad and Orange, was unable to find travel authorizations for these trips. However, the department provided records, such as signed memos, indicating that these trips were for authorized business purposes.

Again, this list is drawn from about five percent of fill-ups for which no authorization records were found, because the other 95 percent could not be evaluated. In addition, this list excludes locations that are most likely to be business-related, such as Bakersfield. Despite the lack of travel authorizations identified for the travel identified above, it should be noted that these trips may represent appropriate business travel.

Within the 827 fill-ups that could not be evaluated, auditors questioned the business need for numerous trips. However, given the absence of travel authorization records, the appropriateness of the use of vehicles for those journeys could not be assessed.

Because of the questions raised by review of the available records, the Employee Services Agency should, in conjunction with appropriate departments, assess the out-of-County trips that occurred during the review period for which written authorizations have not been identified to determine whether they were authorized by the department and were for appropriate business purposes, and report the results of this assessment to the Board of Supervisors.

The Board of Supervisors should direct the Administration to prepare for Board adoption a comprehensive vehicle use policy that requires that verbal approval of business travel to destinations outside of the County be noted in a log maintained in each vehicle. The log should show the employee's name and employee number, the destination, the vehicle number, the authorizing supervisor or manager's name, dates and reason for the trip. On at least a quarterly basis, departments should provide copies of the logs to the Controller. In addition, the policy with regard to when written travel authorizations are required should be clarified and strengthened. Regular employees should obtain advance written authorization for journeys more than 75 miles from central San Jose, and authorization forms should include the traveler's name and employee number. This would permit verbal but documented permission for travel to locations such as Santa Cruz, San Francisco, Vallejo and Salinas, but require written authorization for farther destinations.

Control Problem 2: Off Duty Use of County Vehicles

The second internal control problem auditors identified in the review of six months of credit-card fuel purchases is that of employees apparently driving County vehicles out of County while on leave. This conclusion was based on the comparison of 31 fuel card transactions in comparison to County pay records. Of these 31 transactions, four (13 percent) appeared irregular. A small number of transactions were selected for review for two reasons. First, most credit card transactions could not be evaluated similarly, due to the absence of specific dates in the transaction records. Many credit card transactions showed only the month in which the transactions occurred. None of those transactions could be assessed; the transactions reviewed were limited to the subset of dated transactions. The second issue is that payroll records are extremely difficult to match to a specific transaction date, because the payroll data capture 14-day blocks of time. Therefore, comparing large blocks of time to specific dates is time consuming and usually not conclusive. The specific 31 transactions were selected because they 1) had specific fuel transaction dates, and 2) because on the surface, the transactions appeared to be questionable. Of the 31 transactions evaluated, the following apparent irregularities were noted:

Table 3.2

Apparent Use of County Cars by Personnel on Leave

Employee	Date of Fueling	Time of Fueling	Distance	Pay Type on Fuel Date
Employee A*	July 3, 2007	7:53 p.m.	4 Hours	Vacation
Employee B	July 16, 2007	10:49a.m.	6 Hours	Off Work

Source: Santa Clara County payroll records

**This employee has an assigned vehicle and works in a department that had a policy that exempts such employees from business-use only restrictions. The Department reports that this was not the intent of the policy and it was being revised in May 2009.*

Regarding Employee A

Employee A's pay records reflect payment for 14 days of vacation, and no regular work hours, for the pay period spanning July 2 through July 15, 2007. County fuel card data show this employee purchased 16 gallons of gas at 5:59 a.m. on July 3, 2007, at a Chevron station roughly a four-hour drive from San Jose. The employee dispensed another 12 gallons to the same vehicle at 7:53 p.m. at a Chevron station roughly an hour's drive north of the first fill up, according to the records. Appendix B of the County travel policy states that advance, written approval is required for in-state trips "if overnight lodging" is "included." Auditors were unable to find records authorizing this travel, or any reimbursement payments for meals, parking, lodging, or other expenses for which the County would reimburse employees who travel for business. Based on the proximity of the travel to a holiday, the recreational nature of the final fill-up location, the distance from Santa Clara County and the inability to locate written authorization or expense reimbursement records, and the use of vacation leave time on July 3, auditors surmise that Employee A went on vacation in the County vehicle and fueled the vehicle at County expense. It should be noted that this employee's department policy specifically permitted this employee to use the assigned vehicle for "personal use," and did not place geographic boundaries on such use, although the department has indicated that this was not the intent of the policy and that employees were aware this was not the intent of the policy. Upon review of draft sections of this report, the employee's department indicated that the policy was never intended to permit personal use and as of late May 2009, the policy was being revised. In addition, the department reports that the travel was not known to the department and that it may be a violation of the department policy. The department indicated that its personnel do pay tax on personal use of County vehicles, as further described in Section 6 of this audit.

Regarding Employee B

Timecard and payroll transaction records reflect that Employee B was off work on July 16, 2007 when the employee fueled using a County credit card about six hours from San Jose. According to the employee's department, the employee was off work on the date when the fuel transaction occurred. No travel authorization was found by the department or by auditors. Therefore, auditors conclude that the employee in question was using a County vehicle while off work.

Auditors did not conduct an extensive review of the trips taken in comparison to payroll records. Much of the credit-card fuel data includes only the month in which the transaction occurred, rather than the specific date. Therefore, these transactions could not readily be compared to payroll records. Second, the transactions reviewed included only County credit-card purchases occurring within a six-month period. Lastly, the review did not include fuel-purchase reimbursements. Further, due to the intensively time consuming nature of the review process, the review was narrowed to only transactions that occurred several hours' drive away from San Jose, and for which auditors could not find authorization forms, and which appeared to be potentially irregular based on the time and/or location of the purchase. Because irregularities were identified in this limited review, auditors suspect that additional, undetected irregularities exist. Departments should occasionally compare samples of fuel records to samples of payroll records to ensure that employees are not using County vehicles while on leave. In addition, Fleet Management should provide each department with at least quarterly reports listing fuel card purchase locations by employee.

Control Problem 3: Extending Business Trips and Incidental Use

The third internal control problem identified by this review was the apparent practice of "stretching" use of County vehicles beyond authorized travel. Auditors found two instances in which employees appear to have used County vehicles for side journeys associated with otherwise authorized business trips. For instance, an employee had written approval to travel to a southern California destination. Travel was authorized for December 27 and December 28, 2007. However, the authorized employee fueled at

9:36 p.m. on December 27, some 120 miles south of the authorized destination. The employee's department was unable to identify any basis for additional travel.

Another employee had a four-day travel authorization to go to a southern California destination. On the fourth day, a Thursday, the employee fueled at 2:16 p.m. in a nearby beach community, and did not fuel again until 4:17 p.m. Saturday at a point slightly more than half way to San Jose. According to the department, the employee "extended his return" and stayed on Friday in a different southern California area, approximately two hours from the authorized destination. According to the department, the "delayed return" was on the employee's days off and "there was no additional cost to the office."

Since a large amount of vehicle use is difficult to audit under the existing County policies, it is likely that additional, similar extensions of business trips exist but were undetected in this review.

Further, some managers have described instances in which personnel have used County vehicles to travel to restaurants or taverns for lunch. Auditors have heard descriptions of employees using County cars for personal use because they perceive such vehicle use to be part of their compensation. There have been questions about the basis for employees being in particular locations, either from members of the public when they see a County vehicle parked somewhere or when County vehicles have been involved in accidents in distant locations. Since there is no policy that specifically identifies what an employee can and cannot do with a County vehicle, some employees, according to some managers, feel entitled to engage in personal use. The Board of Supervisors should direct the Administration to prepare for its adoption a comprehensive vehicle policy that clearly specifies whether and to what extent "personal use" is acceptable, including whether "side" journeys are authorized, and what travel or stops, if any, constitute appropriate "incidental" use. For example, is it acceptable for a County employee to stop on the way home from work at a grocery store in a County vehicle?

Control Problem 4: Vehicle Odometer Readings

As described in Attachment 3.1, when employees fuel a County vehicle at either a County-owned or retail pump, they must enter the vehicle's mileage as shown on its odometer. Auditors found that the mileage numbers that employees enter are *pervasively* inaccurate. The errors were so extensive that auditors could not use reported mileage as a means of evaluating fuel efficiency or vehicle use. While the errors most likely are not intentional, the lack of accurate mileage data associated with fuel consumption effectively circumvents evaluation by management or auditors of fuel efficiency, and therefore, fuel theft or fuel-sapping mechanical problems. In addition, improper vehicle use, such as personal use of vehicles, is difficult to detect when a vehicle's mileage history cannot effectively be traced. Additionally, department administrative staff enter vehicle odometer readings into a system used by Fleet as the basis for billing other departments for Fleet's Management. When departments enter inaccurate data, Fleet bills an incorrect amount. In at least one instance, a large overpayment, which was subsequently corrected, resulted from this problem. Although Fleet personnel attempt to "clean up" this data for billing purposes, this process is time consuming and inefficient. Further, since the odometer readings for billing are separate from the odometer readings recorded as part of fuel purchases, and the fuel data is never repaired, the essential control problem remains even after the time-consuming efforts of Fleet staff. The Board of Supervisors should direct the Administration to prepare for its adoption a comprehensive vehicle-use policy that provides for suspension of vehicle privileges for personnel who consistently enter significantly inaccurate odometer readings when accessing fuel or reporting mileage for billing purposes.

Control Problem 5: Vehicle Maintenance Lapses

As of early May, 2008, according to Fleet Management records, there were 26 vehicles in the fleet that were more than 90 days overdue for service, including two that had not been serviced in more than 6,000 miles. An additional 18 vehicles also had not been serviced in more than 6,000 miles, for a total of 44 vehicles that were significantly overdue for service in terms of either mileage or months. Although these vehicles represent less than three percent of the regular fleet, excluding specialized and Roads and Airports vehicles, such lapses may increase wear on the vehicles, and could impair safety. The Board of Supervisors should direct the Administration to prepare for its adoption a comprehensive vehicle-use policy that provides for revocation of fuel access for vehicles that are significantly overdue for service.

CONCLUSION

A detailed review of vehicle fuel records suggests five internal control problems related to the proper, authorized and safe use of the County fleet. This review has not uncovered problems on an extensive scale, but the problems identified represent broad opportunities for abuse of County vehicles, fuel and staff time. The Board of Supervisors should direct the Administration to prepare for its adoption a comprehensive vehicle use policy to improve the authorization and documentation of vehicle use, provide for consolidation and review of records, minimize use of County vehicles by employees while on leave, and make other policy improvements.

RECOMMENDATIONS

The Employee Services Agency should:

3.1 In conjunction with appropriate departments, assess the out-of-County trips in County vehicles, including pool and assigned vehicles, that occurred during the review period for which written authorizations have not been identified to determine whether they were authorized by the department and were for appropriate business purposes, and report the results of this assessment to the Board of Supervisors. (Priority 2)

The Board of Supervisors should direct the Administration to prepare for Board adoption a comprehensive vehicle-use policy that:

3.2 (a) Requires travel authorizations for renting county pool vehicles. The travelers should report the County vehicle number and the mileage used when they file the trip expense reports.

(b) Requires notation of verbal approval of employee business travel in County assigned vehicles outside of the County in a log maintained in each vehicle. The log should indicate the name of the traveler, the destination, the vehicle number, the name of the authorizing manager, the dates and reason for the trip. Copies of these logs, as well as written travel authorization records and fuel card records should be reviewed by the each department's fiscal staff at least quarterly. On a periodic basis, this review should include comparison of out-of-County travel with leave time periods for traveling employees. (Priority 1)

3.3 Requires written authorization for travel in County vehicles exceeding 75 miles from the County Government Center in San Jose. (Priority 1)

3.4 Prohibits personal use of County vehicles, except for specific circumstances as specified by the County Executive and approved by the Board of Supervisors. (Priority 1)

3.5 Specifies circumstances under which vehicle use privileges may be suspended, including for consistent and significant non-compliance with internal controls or vehicle service requirements. (Priority 1)

The Fleet Management Division should:

3.6 Provide each department with at least quarterly reports listing County fuel card purchase locations by employee. (Priority 1)

SAVINGS, BENEFITS AND COSTS

Implementation of improved vehicle-use requirements would reduce unauthorized use of County vehicles and fuel, resulting in unspecified cost savings; improve the fleet's safety; provide clearer guidance to employees; improve management's awareness of vehicle use and the ability of management and auditors to safeguard the County's assets. It should be noted that some of these problems could be better managed by implementing recommendations in Section 4 of this audit.

Methods of Fueling County Vehicles

County vehicles may be fueled in one of four ways. First, Santa Clara County purchases diesel and gasoline fuel for the fleet at bulk, tax-free rates. The fuel is then dispensed to County vehicles from one of five County pumps. This method is preferable because it is the most economical. According to Fleet Management, each gallon dispensed from a County pump costs about $0.40 cents less compared to fuel purchased at commercial stations.

County Fuel Pumps

To dispense from a County pump, an employee enters the vehicle's unique identification number, the vehicle's mileage from the vehicle's odometer, and the employee's unique identification number. Each time fuel is dispensed, the fuel pump records the dispensing employee's name and identification number, the vehicle number, the date, the time, the number of gallons dispensed and other information. At the auditors' request, Fleet Management provided 18 months worth of County fuel pump data, spanning all of FY 2006-07 and half of FY 2007-08.

Fueling by County Credit Card

Although most of the fuel in County vehicles is dispensed through one of the County pumps, fuel may also be purchased commercially. There is no Board or administrative policy regarding fueling. However, the procedure laid out on page 6 of Fleet Management's undated *Customer Service Guide* states that when fuel "cannot be obtained" from County pumps, employees are permitted to purchase fuel on County-issued credit cards at commercial rates. Therefore, each County vehicle is issued a Wright Express fuel card, also known as a "WEX" card. In calendar 2007, the County spent an estimated $346,000 for about 108,000 gallons of fuel via credit-card purchases at commercial stations. When fuel is dispensed in this manner, employees also must enter the vehicle number, the odometer reading and their unique employee identification number. Each of these transactions produces a record that includes the County vehicle number, the employee's name and identification number, the reported odometer reading, the number of gallons, the cost per gallon, the time the fuel was dispensed, the name of the merchant, the merchant's city and state, the amount of any non-fuel purchase, and either the exact date the fuel was dispensed, or, alternatively, only the name of the month in which the transaction occurred. Auditors initially obtained data for each transaction from July 1 through December 31, 2007 and subsequently obtained data for January through June, 2008.

Reimbursement of Employee Fuel Purchases

The third manner by which fuel can be obtained for a County vehicle is by employees purchasing it at their own expense and obtaining reimbursement by furnishing a receipt. These costs are paid through Fleet Management's petty cash fund. In FY 2007-08, County drivers were paid $4,296 for such reimbursements, according to Fleet Management records.

These reimbursements are in addition to the mileage payments that employees receive when they drive their personal vehicles for County business. In FY 2007-08, according to data provided by the Controller's office, 2,733 employees were reimbursed for approximately 2.9 million miles driven in their personal vehicles, at a cost of approximately $1.3 million. Mileage reimbursement per employee for the year ranged from two to 28,425 miles. These payments are discussed in more detail in Section 1 of this report.

POLICY 706.3

COUNTY VEHICLE USE

GENERAL

County vehicles are to be used only for County business. Passengers are not allowed in County vehicles unless their status is related to County business. Only County employees* having a current California driver license and a valid County driver permit are allowed to drive County vehicles. Any exceptions will be at the discretion of the Director of ESA Risk Management. Agency/Department Heads are responsible for the proper use of vehicles assigned to their agencies/departments, and are to ensure that these vehicles are serviced and maintained as prescribed by Fleet Management.

DRIVER'S LICENSE

Agency/Department Heads are to ensure that all employees who operate vehicles maintain a valid California driver license of the proper classification and a County driver permit.

SAFETY

In accordance with State Law, seat belts are to be worn by all occupants of a County vehicle while it is in operation, and children must ride properly buckled up in safety seats or boosters until they are at least 6 years old OR weigh at least 60 pounds.

Employees are to operate County vehicles and equipment in a safe and law-abiding manner at all times. Vehicle operators are responsible for their own traffic citations and parking tickets.

A County vehicle should not be operated if it has known or suspected safety/mechanical problems. Fleet Management should be contacted for information regarding service or repairs.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

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Sec. A31-1.1. Travel Policy Desk Reference Manual.

(a) Travel policies and principles will be summarized in the County Administrative Policy and Procedures Manual and will be set out in detail in the Travel Policy Desk Reference Manual. The Travel Policy Desk Reference Manual will provide the policy's purpose, objectives and guiding principles. It will also describe responsibilities, required approvals, spending and reimbursement limits and shall describe both allowed and disallowed travel expenses. The desk reference manual will also describe standards for exceptions, claims procedures and timelines for submitting travel claims.

(b) The County Controller is authorized to maintain, review and update these travel policies and desk reference manual in accordance with required changes and not less than once every two years. Any major revisions or changes to the travel policies, principles, rules and guidelines shall be approved by the Board of Supervisors.

(Ord. No. NS-300.707, § 2, 3-25-03)

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Approved by:	
Date:	
Replaces:	
#	Date:

301 TRAVEL

POLICY

Travel may be authorized for all employees and officers of Santa Clara County whether appointed or elected, members of boards and commissions advisory to the Board of Supervisors, County volunteers, as well as non-employees for the purpose of transacting County business or receiving training on behalf of the County of Santa Clara. The County allows advances or use of procurement cards (P-Cards) for estimated travel expenses, and reimbursement for reasonable actual and necessary expenses incurred for authorized travel and related expenses.

Guiding Principles

Travel on behalf of the County will be approved when the purpose results in a benefit to the County.

All expenses incurred while traveling on County business should be a reasonable, necessary and prudent use of public funds. Travelers should choose the most efficient, direct and economical travel options required by the occasion.

Travel is authorized for the minimum number of persons necessary to carry out the business purpose of the travel, and only for those whose job tasks are directly related to the purpose of the travel.

Approval for Travel

Advance approval is required for all County business travel. It must be written for all out-of-state and international travel. For instate travel, written approval is required if overnight lodging or airfare is included or if an advance is requested. International travel, which includes Alaska and Hawaii, must be pre-approved by the Board of Supervisors in public session for Board Members, their staff and for Commission members. International travel for Board Appointees is pre-approved in writing by the Board Chair, and for all others by the County Executive.

Exceptions:

Exceptions to specific provisions of the County travel policy may be authorized on a case-by-case basis. Requests for exceptions must be in writing and meet one or more of the four conditions detailed in the Travel Policy Desk Reference Manual. A County official or other traveler may not approve his/her own exception request.

PROCEDURE

Responsibility:	Action:
Approving Official: Board of Supervisors as a Board Chair of Board of Supervisors Vice-Chair of Board of Supervisors Members of Board of Supervisors Elected Officials Board Appointees County Executive Sheriff/District Attorney Agency/Department Heads Department Heads (Designees of above)	• Approves travel for specified travelers who travel on County business
Approving Official for Exceptions: Chair of Board of Supervisors Vice-Board Chair County Executive Agency/Department Head (Designees of above)	• Approves exceptions on case-by-case basis in accordance with Exception Principles and policy guidelines
Finance Agency Director	• Reviews and makes recommendations regarding exception requests
Controller-Treasurer Department	• Exercises general oversight for the processing of reimbursement requests • Insures consistency with the policies and guidelines • Processes claims, including conducting desk audits • Provides timely, accurate reimbursement to claimants • Provides regular updates to the published travel policies and procedures and advises Department Travel Coordinators of all such updates and changes • Provides assistance regarding travel by resolving problems and/or providing information.

The Controller-Treasurer	• Makes final decision in cases where the appropriateness and reasonableness of a reimbursement request is disputed • Works with the County Executive and Department Heads to maintain Countywide common and consistent travel practices • Ensures that travel policies and procedures are reviewed and updated and that amendments are developed as needed
Department Head, Elected Official, or Board Appointee	• Oversees travel at respective departmental level (Note: respective Agency/ Department Heads may impose any additional approval levels or processes that they require for their agency) • Ensures that authorized travel is necessary and appropriate for the conduct of County business, that the cost is reasonable and justified by the trip's purpose, and that the travel expenditures are within budgetary limits • Assures that in respective department there is a process in place that provides prompt review and approval of trip expense reports so they can be submitted timely for payment. • Assures that expense reports are accurately reviewed for compliance
Department Travel Coordinator	• Functions as the "resident expert" on County business travel • Informs and educates County travelers • Ensures that the business purpose of travel costs is clearly stated • Assumes additional duties related to travel as determined by individual department • Notifies departmental travelers of updates and changes to County travel policy and procedures • Provides information on how to obtain electronic forms

Traveler or Supervisor of Traveler	• Knows and complies with the County's travel policies and their general intent • Exercises reasonable and prudent judgement relative to County business travel • Obtains proper authorization to travel • Prepares and submits expense reports on a timely basis along with appropriate receipts and supporting documentation

REFERENCE MATERIAL

County Ordinance Code, Division A31, Travel
Santa Clara County Travel Desk Reference Manual
Travel Claims Processing Procedures:
    Travel Requests, Advances and Reimbursements
County Administrative Policy and Procedure Manual:
    Vehicle Use – County Driver Permits, 407
    Vehicle Use – Business Use of Private Vehicles, 407.1
    County Driver Permits, 461
County Procurement Card Program Manuals
GSA Fleet Management Customer Service Guide

DEFINITIONS

Agency/Department Heads report to the County Executive.
Department Heads report to Agency/Department Heads.

Department of Correction
Current List of "Take Home" Vehicles as of February 24, 2009

Chief [redacted] (Buick Enclave)

Assistant Chief [redacted] (Pontiac Grand Prix)

Captain [redacted] (Toyota Highlander) Elmwood Captain

Captain [redacted] (Toyota Avalon) Main Jail Captain

Captain [redacted] (Dodge Durango) Professional Compliance Captain

Captain [redacted] Toyota Avalon) Support Services Captain

Lt. [redacted] (Ford Taurus) Support Services, ADC

Lt. [redacted] Ford Taurus) Elmwood B Team

Lt. [redacted] (Dodge Durango) Elmwood, ADC

Lt. [redacted] (Ford Taurus) Personnel, and PCAU

Lt. [redacted] (Ford Crown Victoria) Main Jail A Team

Lt. [redacted] Ford Taurus) Main Jail B Team

Lt. [redacted] (Ford Crown Victoria) Main Jail, ADC

Lt. [redacted] (Ford Taurus) Elmwood A Team

Lt. [redacted] (Chevy Impala) Internal Affairs

Public Information Officer [redacted] rown Victoria) Dept. PIO

Sgt. [redacted] (Ford Taurus) Internal Affairs

Sgt. [redacted] (Ford Taurus); Internal Affairs

D. The assignment of County vehicles for authorized Department staff will be determined by the Chief with consideration given to such factors as rank, position and seniority.

E. A designated number of pool vehicles will be issued to the Department through the Fleet Management Division. The assignment of Department pool vehicles to individual Divisions or Units will be made by the Chief.

F. The Department will be assigned a designated number of inmate transportation vehicles through Fleet Management and the Sheriff's Transportation Division. Transportation vehicles will be controlled by the Sheriff's Transportation Division.

III. Use of County Vehicles

A. County vehicles will only be used for official business. County regulations prohibit passengers, except in the course or performance of county business.

Note: This does not apply for those staff members who have been issued or assigned a County vehicle for personal use or permanent on-call assignments.

B. Staff assigned to temporary on-call assignments are not permitted to use vehicles for personal use, except during those periods of on-call assignment when the nature of the assignment creates a high probability of an immediate response to a call. Any such personal use during this time is exempt from the passenger prohibition. Temporary on-call assignments may be authorized by the Chief or Assistant Chief.

C. Staff operating County vehicles will do so in accordance with local, state and federal laws and regulations.

1. Operators of County vehicles will be responsible for their own parking tickets and traffic citations that are issued as a result of operating a County vehicle.

2. In accordance with State law, seat belts will be worn by all occupants of a County vehicle while it is in operation.

Note: The use of seat belts does not apply to persons riding in the passenger compartments of Department utilized transportation buses or vans.

3. In accordance with State law, children under the age of six years or under sixty pounds will be properly fastened in an appropriately secured child safety seat when riding in a County vehicle.

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Section 4. Improving Fleet Efficiency

- **Santa Clara County spends more than $25 million per year to purchase, equip, register, maintain, insure, fuel, manage and dispose of vehicles. The acquisition costs alone for the current fleet exceeded $39 million. Despite the tremendous investment in these assets, the County's department and centralized fleet managers have little reliable information with which to ensure the fleet operates as efficiently as possible.**

- **Other large California counties and agencies around the nation that have implemented fleet "telematics" systems report significant benefits, such as substantial reductions in miles driven, fleet size, speeding, fuel waste, and unauthorized vehicle use, as well as improved staff productivity and less downtime for maintenance, among other benefits.**

- **Fleet Management should develop a report for the Board of Supervisors describing the costs and benefits of alternative fleet telematics systems, and the Board should approve implementation of a system on a pilot basis. Depending on the benefits and costs realized, the Board should consider continuing, expanding, or terminating the program.**

- **A telematics information system would improve internal control over fuel and vehicle assets and would reduce manual data entry and internal billing errors. In addition, there is a high probability that improved information would reduce fuel costs, improve operating safety and improve the allocation of vehicles, possibly resulting in the ability to reduce the number of vehicles in the fleet.**

The County's Vehicles and Related Assets

Santa Clara County invests substantial resources in the provision of vehicles to employees. In addition to the value of the vehicles, which cost the County some $39 million to acquire new, the annual Fleet Management division costs are budgeted in excess of $20 million in FY 2008-09. Records maintained by the County's Risk and Insurance division show that vehicle insurance expenses have averaged close to $1.3 million per year over the last six years. There are numerous employees throughout the County, beyond the Fleet Management function, involved in management of County vehicles. For example, Social Services employs its own dispatchers. Auditors estimate that the total annual cost of the County fleet well exceeds $25 million per year. In comparison to the scale of this investment, the County has committed relatively minimal resources to ensuring the availability of information necessary to operate the fleet as efficiently as possible. Some other agencies have overcome this information deficit by implementing automated fleet "telematics" systems. To obtain an understanding of other agencies' experiences with such systems, auditors interviewed by telephone seven non-California County jurisdictions around the country, including two California cities, which have had sufficient experience with telematics systems to be able to report on their effects. In addition, in written surveys for this audit, five of California's 10 most populous counties reported having such systems in place on at least a portion of their fleets. Summaries of the interview and survey responses are presented as Attachments 4.1 and 4.2.

There are a variety of different types of fleet telematics systems, with varying types of capabilities and costs. In general, this report focuses on the experience of agencies using systems such as Networkcar, which has the capacities described throughout this section.

Operating Inefficiencies Resulting from Information Deficiencies

Unnecessary Idling

At present, there is no information available regarding idling of the Santa Clara County fleet because there is no tracking mechanism. However, some government agencies are tracking this in telematics systems. In response to inquiries for this audit, several California counties and other jurisdictions around the country that have implemented systems reported identifying large amounts of unnecessary idling, resulting in some cases in the adoption of anti-idling policies or other idling-limiting measures. An example of such a policy, adopted by the City of Inglewood, is provided as Attachment 4.3.

Of six non-California County jurisdictions that were contacted that track idling, four reported finding it to be a significant problem and taking steps to reduce it. For example, the Arizona Department of Transportation (ADOT) implemented a pilot vehicle telematics program. It revealed that trucks were idling in some cases for many hours every day. Upon review, ADOT management learned that employees were running the engines of parked trucks to power their orange courtesy lights. In October 2008, the agency installed solar-powered light bars. Arizona officials expect the fuel savings from reduced idling will pay for the solar panels in one year, and they anticipate ongoing annual fuel savings of $3,500 *per vehicle* after that. In a survey of California's most populous counties conducted for this audit, five counties reported having telematics systems on at least some vehicles. Of these five, one reported reduced idling as a benefit of the system. Of the 11 total jurisdictions that reported on this issue, five, or almost 46 percent, reported reduced idling as a benefit. Four of the eight responding counties – Fresno, San Bernardino, Riverside, and San Diego – report having adopted anti-idling policies.

While there is no data available regarding the extent to which the Santa Clara County fleet may be idling unnecessarily, the fact that other jurisdictions have reported substantial idling suggests that unnecessary idling is likely. Identification and elimination of even modest amounts of idling in the Santa Clara fleet could result in material ongoing savings as a consequence of reduced fuel consumption. If 15 percent of the fleet idles unnecessarily for an average of 15 minutes per day, it equates to an estimated $108,000 worth of wasted fuel every year. As previously illustrated by the Arizona example, jurisdictions often report substantially more than 15 percent of the fleet idling for substantially more than 15 minutes a day. Further, this estimate does not consider the costs of health effects associated with idling, such as the share of costs to treat asthma attacks at Valley Medical Center as a consequence of increased air pollution due to unnecessary idling. The Board of Supervisors should approve implementation of a pilot telematics system to track vehicle idling in at least 150 County vehicles.

Speeding

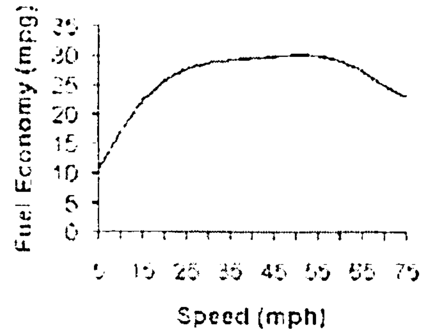
Many automated systems have the ability to track and report vehicle speeds. Such systems can generate summary reports spanning selected time periods, such as a week or month on a routine basis, or send email alerts to designated officials when a vehicle exceeds pre-set levels for specified periods of time. For example, a jurisdiction may wish to alert managers when a vehicle exceeds 85 miles-per-hour for more than five minutes. At present, most fleet managers and department managers in Santa Clara County have no information regarding operating speeds of County vehicles. The only exception is for Sheriff's Office patrol vehicles, which are equipped with on-board computers. These computers *can* track speeds; however, according to the Sheriff's Office management, such tracking is not routinely used. Instead, data is extracted on an as-needed basis, such as following an accident involving a Sheriff's patrol car.

Jurisdictions that have implemented systems that actively track vehicle speeds generally report identifying and reducing significant amounts of speeding. Of the six non-California County jurisdictions that reported adopting systems that track speeding, five reported that speeding was found to be a significant problem and that it has been reduced as a consequence of the system. Of the five large California Counties that reported having systems installed on at least a portion of their fleets, four reported that the systems resulted in reduced speeding. In summary, nine of 11 reporting agencies (almost 82 percent) said that the systems cut speeding in their fleets.

The County's current inability to identify and reduce speeding is important for three reasons. First, speeding except in the case of emergency responders is illegal. Second, speeding vehicles are at greater risk for accidents, and accidents that occur at high rates of speed may result in greater damage to property and more severe injuries to vehicle occupants, pedestrians or cyclists. According to the National Highway Transportation Safety Administration, in 2005, speeding was a contributing factor in 30 percent of all fatal crashes nationally, resulting in more than 13,000 deaths that year. Lastly, as speeds increase to more than 60 miles per hour, fuel efficiency declines rapidly, as shown in Chart 3.1 on the following page from the U.S. Department of Energy and the U.S. Environmental Protection Agency joint website, Fueleconomy.gov.

Chart 4.1

Speeding Reduces Fuel Efficiency



According to these agencies, each five miles per hour over 60 miles per hour costs the equivalent of paying 24 cents per gallon more for fuel, assuming fuel is $1.66 a gallon. The Board of Supervisors should approve implementation of a pilot fleet telematics system to track speeds of at least 150 County vehicles.

Vehicle Mileage and Fuel Efficiency, Billing and Internal Controls

The Fleet Management division maintains detailed information regarding fuel consumption by vehicle and by individual because this information is captured automatically by fuel pumps. However, this data cannot be used to assess fuel efficiency because it cannot readily be matched with accurate mileage. Although employees are supposed to enter the mileage shown on the vehicle's odometer each time they dispense fuel, this audit determined that those amounts are frequently grossly inaccurate. Separately, for purposes of billing for the Fleet Management Division's services and tracking maintenance needs, administrative personnel in each department report each vehicle's odometer reading monthly. This data also contains inaccuracies, which, in the past, has resulted in instances of billing errors, which have had to be reversed. In an effort to prevent billing errors, Fleet Management personnel attempt to correct the reported odometer readings each month.

In summary, at present, vehicle mileage data is time consuming to generate, time-consuming to correct, has resulted in billing errors, is not completely accurate even after it is "corrected," and does not readily lend itself to determination of fuel efficiency. The fact that a vehicle's fuel efficiency cannot readily be determined accurately creates a blind spot in management's ability to detect either fuel-sapping mechanical problems or fuel theft. The inability to readily detect fuel theft is a significant internal control weakness. In contrast, government agencies that have implemented telematics systems receive detailed fuel efficiency reports. Further, such a system would automatically load all odometer amounts into the County's existing Fleet Focus database. This would eliminate the need for staff throughout the County to enter the data, would eliminate inaccuracies in the data, and would ensure proper billing for the mileage-based portion of Fleet Management's charges. The Board of Supervisors should approve implementation of a pilot telematics system for at least 150 County vehicles to automate fuel efficiency and odometer value tracking.

Under-Use or Unauthorized Use of Vehicles

At present, department or fleet managers who need to assess vehicle use have no practical, ongoing means of determining which vehicles are parked and which are used at which points of the day. For example, Social Services fleet management personnel wished to assess the availability of Social Services vehicles throughout the day in order to improve the efficiency of vehicle allocations. The only means to do this was to send an employee to the garage several times a day to note which cars were parked and which cars were gone. Such time-consuming assessment is not an efficient use of personnel and is not sustainable as a routine means of discerning vehicle availability on an ongoing basis.

In agencies that have implemented fleet telematics systems, such data is automatically generated. Fleet and department managers can easily see the percentage of time that vehicles are driven versus parked and thus can make better use of their fleets, such as by assessing whether there are vehicles that are not used enough to warrant their continuance in the fleet. As described in detail in Sections 1 and 2 of this report, many vehicles in the Santa Clara fleet are under-used. A system that identifies the proportion of time that vehicles are driven versus parked would aid in the efficient re-allocation of vehicles as recommended in Section 1. Further, as illustrated in Section 3 of this report, there appear to be at least limited instances of unauthorized vehicle use occurring in the Santa Clara fleet, and there is virtually no systematic way for managers to identify these occurrences. Of the seven non-California County jurisdictions which have active fleet telematics systems that were interviewed for this audit, all seven (100 percent) reported that the systems had resulted in identification and reduction of unauthorized use of agency vehicles. Of the five California Counties with these systems, four reported that they had reduced unauthorized trips. In sum, 11 of 12 jurisdictions (almost 92 percent) said these systems reduced unauthorized use. The Board of Supervisors should approve implementation of a pilot fleet telematics system on at least 150 County vehicles to track vehicle use.

Reductions of Mileage and Vehicles

As described in Sections 1 and 2 of this report, the Santa Clara County fleet is larger than necessary. In past attempts to reduce the fleet, however, departments have argued that the vehicles are necessary and have not elected to reduce their fleets. In other jurisdictions, telematics systems are providing the data necessary to make fleet reductions by establishing the extent and nature of vehicle use. In Islip, New York, managers implemented a limited type of information system. The data it generated revealed extensive personal use of "take home" vehicles, and managers reported that they were subsequently able to reduce the overall fleet by between 50 to 60 vehicles as a result of eliminating personal use. The Alabama Department of Environmental Management installed a system on 120 of its 290 vehicles. After 14 months, the total mileage driven by the entire fleet had declined by 20 percent, and the department was expanding the system to cover all remaining vehicles. Both Baltimore County, Maryland and the Arizona Department of Transportation report that their systems have reduced total miles and may eventually result in the reduction of the fleet. In the survey of California Counties, San Diego reported similar results from its pilot program, which it says reduced trips, miles, fuel use, and, ultimately, the size of the fleet, among other benefits. A modest reduction in Santa Clara County's total annual miles could result in significant savings. For example, assuming average fuel economy of 20 miles per gallon, and fuel cost of $2.75 per gallon, even a 10 percent reduction in miles driven could save around $200,000 a year in fuel costs alone, not including savings from reduced wear and tear. The Board of Supervisors should approve implementation of a pilot fleet telematics system on at least 150 County vehicles to assist in the determination of under-used vehicles and the curtailment of unauthorized use.

Automatic Engine Diagnostics

Currently in Santa Clara County, there is no remote system to report the nature of engine problems to County mechanics. Some jurisdictions reported that the best feature of fleet telematics systems is their ability to diagnose engine problems and even generate work orders before vehicles come into the maintenance shop. Some jurisdictions reported that this results in less "down" time for vehicle maintenance. In the City of Glendora, CA, the fleet manager said that it was not uncommon before the system was installed to have employees take a vehicle out of service for a "check engine" light that was generated solely by a loose gas cap. Now, the garage knows immediately that the gas cap is loose, and can simply tell the vehicle driver to tighten it without necessitating a work order, down time for the vehicle, and arrangement of a loaner vehicle while the vehicle is out of service. For vehicles that have problems that will be carried out by a contractor or private garage, rather than agency staff, those vehicles can be automatically routed to the outside provider via the system's diagnostics. Riverside County reports that its system has increased employee productivity and reduced vehicle "downtime" and/or maintenance costs. The Board of Supervisors should approve implementation of a pilot fleet telematics system to provide automatic diagnostic information for at least 150 County vehicles.

Vehicle Whereabouts and Efficient Routing

At present, Santa Clara County managers have little ability to ensure that routes for delivery drivers or other employees are as efficient as possible. In addition, if a member of the public has a complaint about a particular vehicle's whereabouts, it is difficult to assess the complaint's veracity. In contrast, telematics system user jurisdictions generally report an improved ability to consolidate trips, improve route efficiency and determine the whereabouts of vehicles. Implementing jurisdictions said they especially like the ability to determine whether a vehicle was in a particular place at a particular time. For example, one agency reported that citizens sometimes complain that their streets were not swept according to schedule. The agency is able to determine whether a street sweeper passed down the street in question, and if so, at what time, and whether the broom was up or down, and whether water was dispensed from the sweeper. Similarly, implementing jurisdictions said such systems are useful for verifying or refuting citizen complaints of agency vehicles speeding or being in inappropriate locations, or assisting in investigations of accidents involving agency vehicles. Some agencies, including Los Angeles County, have reported that the systems enable recovery of stolen agency vehicles. In Santa Clara County, some departments, such as Social Services, employ dispatchers to help route vehicles and to check in with employees who frequently enter dangerous situations to ensure that they are safe. A fleet telematics system would facilitate these efforts, by enabling real-time awareness of vehicle location. The Board of Supervisors should approve implementation of a pilot telematics system on at least 150 County vehicles to assess its ability to improve trip efficiency and awareness of vehicle whereabouts.

CONCLUSION

A vehicle telematics system has the capacity to improve the efficiency, effectiveness and safety of the County fleet, and reduce unnecessary trips, wasteful idling and downtime for maintenance. Further, such a system has the capacity to improve internal control over fuel, and end manual data entry of vehicle miles, and associated errors that sometimes result in billing problems. By providing accurate fuel efficiency information, such systems improve internal controls. Such systems can facilitate reduction of miles driven, and may result in a smaller, more cost-effective fleet, among other benefits. The Board of Supervisors should approve implementation of a pilot fleet telematics system.

RECOMMENDATIONS

The Board of Supervisors should:

4.1 Direct the Fleet Management Division to report on the major fleet telematics system options, costs, potential drawbacks and benefits, and approve implementation of a year-long pilot program covering at least 150 vehicles in the Santa Clara County fleet. Depending on the cost-benefit results and other outcomes of the pilot program, the Board should consider continuing, expanding or terminating the program. (Priority 1)

SAVINGS, BENEFITS AND COSTS

As previously described, the County invests well in excess of $25 million a year in the provision of vehicles to its employees, but provides little in the way of information resources to facilitate the optimal management of these assets. A pilot program installed on 150 vehicles using a telematic system is estimated to cost less than $125,000 for the first year for both one-time hardware costs and monthly service subscription, or roughly half of one percent of the County's annual investment in the total fleet. It is likely that the system would pay for itself and possibly generate net savings as a result of reduced fuel waste from idling and speeding, reduced mileage and fuel use due to improved efficiency in routing, and reduced fuel waste due to unauthorized travel such as that described in Section 3 of this report, and reduced maintenance costs and shorter vehicle out-of-service periods. For pilot program vehicles, the system would reduce billing errors, eliminate manual data entry of odometer readings for each department, and eliminate the need for Fleet Management staff to correct odometer errors. Fuel efficiency information would be readily available, thus improving internal control by reducing the potential for fuel theft. To the extent the pilot included their vehicles, managers in Social Services and other departments that need to ensure the availability of a large number of vehicles would have continuous information regarding vehicle locations, without having to physically count cars throughout the day. A fleet telematics system could assist the County in reducing the vehicle fleet, by helping to identify under-used vehicles such as those described in Sections 1 and 2 of this audit, thus assisting in the re-allocation of those vehicles to functions that need vehicles but instead are paying large amounts of mileage reimbursement. Lastly, it is conceivable that there would be fewer vehicle accidents as a result of speed reduction and greater efficiencies in routing, which could result in fewer trips and less miles driven. It should be noted that no jurisdictions that provided information regarding their experience with these systems indicated difficulty with implementation. In addition, none indicated that the systems were onerous to manage or operate. For instance, no users indicated a need to devote material work hours to generating or using system information.

Experience of Responding Non-California County Jurisdictions With Fleet Management Information Systems

		Reported Outcomes									
Agency	Number of Units	Identification and Reduction of Unauthorized Use	Identification and Reduction of Excessive Idling	Preventive Maintenance Improved or Maintenance Costs Lowered	Stolen Vehicles Recovered	Speeding Identified and Reduced	Quantified Savings: Actual	Quantified Savings: Projected	Accidents Reduced	Reduction in Miles Driven; Potential to Downsize Fleet	Other
Arizona State DOT	125	Yes	Yes	Yes	Yes	Yes	Unknown	$3,500 per veh per year	Unknown	Yes	N/A
City of Inglewood, CA	60	Yes	Yes	No	No	Yes	Unknown	Expects at least $15,000 savings per year from no-idle policy	15% Reduction	No	
Baltimore County, MD	600-700	Yes	Unknown	Less Expensive	No	Yes	Unknown	Less fuel used; savings unknown	Unknown	Yes	10-15% increase in worker productivity
Philadelphia Housing Authority Police	14	Yes	Yes	Yes	No	No	Unknown	Unknown	Yes, but also attributable to reduced fleet size	Unknown	
Alabama Department of Environmental Management	120	Yes	No	No	No	Yes	Unknown	Unknown	Unknown	20% reduction in miles driven	
Town of Islip, NY	625	Yes - resulting in elimination of 50-60 vehicles	Their system does not report this data	Their system does not report this data	No	Their system does not report this data	Unknown	Unknown	Unknown	Reduced fleet by 50-60 vehicles as a consequence of eliminating "take home" cars, which were being driven extensively for personal use	Reports substantial savings due to increased worker productivity, believes there is small fuel savings.
City of Glendora, CA	57	Yes	Yes	Yes	No	Yes	Unknown	Unknown	Unknown	Unknown	

Reported Effects of Fleet Management Information Systems in Five Large California Counties

County	Reduced Maintenance Downtime or Maintenance Costs	Increased Staff Productivity	Reduced Fleet Size	Reduced Miles Driven	Reduced Fuel Consumption	Reduced Speeding	Reduced Trips/Improved Routing	Reduced Unauthorized Use of Vehicles	Reduced Idling	Recovery of Stolen Vehilces	Helps Resolve Complaints/Investigate Accidents
Riverside	X	X									
San Diego		X	X	X	X	X	X	X			
Contra Costa		X		X	X	X	X	X	X		
Los Angeles						X		X		X	X
San Bernardino	X					X		X			X

CITY OF INGLEWOOD, FLEET MANAGEMENT - ANTI VEHICLE IDLING POLICY

PURPOSE:

Fleet Management and Transit Services are requesting the City to adopt an Engine Idling Policy to support Clean Cities efforts and comply with United States Environmental Protection Agency requests to help reduce emissions and cost consumption of motor fuel.

1. The Fleet Management Division is concerned about Air pollution as a major health risk for City of Inglewood and many metropolitan areas of the United States. These air pollution problems are caused in large part by emissions from automobiles and trucks. Air pollution can cause or aggravate lung illnesses such as acute respiratory infections, asthma, chronic bronchitis, and emphysema and lung cancer. In addition, diesel emissions have been identified as an issue that disproportionately affects low-income urban neighborhoods. Evidence suggests that diesel and other gaseous exhaust, particularly particulates, contributes to this urban health problem.

2. Exhaust from vehicles (both on-and off-road) is a substantial source of carbon monoxide, toxic air contaminants and greenhouse gases.

3. A study of idling exhaust emissions conducted by the U.S. Environmental Protection Agency (EPA420-R-02-025, October 2002) indicates that the typical 1980s – 2001 model year truck operating on diesel fuel emits 144 grams per hour of nitrogen oxide and 8224 grams per hour of carbon dioxide emissions and consumes 0.82 gallons of fuel per hour while idling.

4. Turning off and starting an engine uses less fuel than letting the engine run for thirty seconds.

Modern vehicles need a maximum of 30 seconds of idle at start up. The best way to warm up a vehicle is by driving it.

5. Engine wear is greater at prolonged idle than during normal operation.

6. The City of Inglewood employees can play an important role in improving air quality and reducing the consumption of petroleum products and reduce maintenance cost by limiting the amount of time vehicle engines are allowed to idle within its jurisdiction.

7. Under this Policy, a Limitation on Engine Idling is established by the City of Inglewood to discourage the idling of local City vehicle engines.

DEFINITIONS:

- "Driver" means any person who drives, operates, or is in actual physical control of a vehicle.
- "Emergency" means a sudden, urgent, usually unforeseen, occurrence.
- "Equipment Operator" means any person who is in actual physical control of a piece of off-road equipment.
- "Gross Vehicle Weight Rating" means the weight specified by the manufacturer as the loaded weight of a single vehicle.
- "Heavy-Duty Vehicle" means any on-road motor vehicle with a manufacturer's gross vehicle weight rating greater than 14,000 pounds.
- "Idling," means the engine is running while the vehicle is stationary or the piece of off-road equipment is not performing work.
- "Medium-Duty Vehicle" means any on-road motor vehicle with a manufacturer's gross vehicle weight rating of 6,001 – 14,000 pounds.
- "Official Traffic Control Device" means any sign, signal, marking or device placed or erected by authority of a public body or official having jurisdiction, for the purpose of regulating, warning or guiding traffic, but does not include islands, curbs, traffic barriers, speed humps, or other roadway design features.
- "Off-Road Equipment" means all non-road equipment with a horsepower rating of 50 or more.
- "Vehicle" means any on-road, self-propelled vehicle that is required to be registered and have a license plate by the Department of Motor Vehicles.

APPLICABLE VEHICLES:

There is hereby established a policy to be known as the Engine Idling Policy that applies to the operation of all City of Inglewood vehicles regardless of gross vehicle weight rating, all heavy-duty vehicles regardless of fuel being used, all off-road diesel-powered equipment regardless of horsepower rating and all off-road equipment regardless of fuel being used, except as provided in the Exemptions area below.

IDLING LIMITATION:

1. A driver of a vehicle:
    a. Must turn off the engine upon stopping at a destination; and
    b. Must not cause or allow an engine to idle more at any location for:
        i. More than 1 minute consecutively; or
        ii. A period or periods aggregating more than five minutes in any one-hour period.

2. An equipment operator of an off-road piece of equipment not identified in (1) above must not cause or allow an off-road piece of equipment to idle at any location for:

    a. More than 2 minutes consecutively; or

    b. A period or periods aggregating more than five minutes in any one-hour period.

3. The City of Inglewood will ensure that vehicle drivers and equipment drivers, upon employment and at least once per-year thereafter, are informed of the requirements of this Policy.

EXEMPTIONS:

This Policy does not apply to a vehicle or piece of equipment for the period or periods during which:

1. Idling is necessary while stopped:

    a. For an official traffic control device or police vehicle;

    b. For an official traffic control signal;

    c. For traffic conditions over which a driver has no control, including, but not limited to: stopped in a line of traffic, stopped at a railroad crossing or stopped at a construction zone; or

    d. At the direction of a police officer or other official traffic controller.

2. Idling is necessary for testing, maintenance, repair or diagnostic purposes;

3. Idling is necessary to ascertain that the vehicle and/or off-road piece of equipment is in safe operating condition and is equipped as required by all provisions of law and established safety policies;

4. The vehicle is not expected to restart due to mechanical or electrical problems;

5. Idling the engine is required to power auxiliary equipment other than a heater or air conditioner, e.g. hoist, lift, computers, safety lighting;

6. Idling is necessary to operate defrosters, heaters, air conditioners or other equipment to prevent a safety or health emergency, but not solely for the comfort of the driver or passengers;

7. Idling is necessary to cool down a turbo-charged heavy-duty vehicle in accordance with the manufacturer's recommendation.

FINANCIAL IMPACT:

There is no financial cost involved to implement this policy; however, there would be a recognized savings in fuel cost and a reduction of maintenance cost by conservation. The total saving is unknown at this time; however, estimated savings could be as high as $15,000 annually.

Section 5. Vehicle Policy and Enforcement Improvements

- **Santa Clara County's patchwork of policies, ordinances and labor agreements related to vehicles provides little or no guidance on key fleet issues, and the few existing provisions are not enforced. For instance, no policy establishes criteria for justification of fleet vehicles, such as minimum miles. Except for executives and selected law enforcement personnel, there is no County-wide guidance regarding which staff are assigned vehicles and which are not, including vehicles used for personal commuting. Despite a County policy stating that vehicles are for business use only, two departments have authorized selected staff to use vehicles for "personal use." Some vehicle assignments are approved at least in part on the basis of a labor-agreement requirement; however, that labor agreement has no actual requirements related to vehicle assignments. The policy prohibiting assignment of County vehicles to persons residing out of county is not enforced, and at least one department has a conflicting policy. There is no County policy specifically governing the practice of authorizing some employees to commute in "take-home" County vehicles.**

- **Some other agencies, including several other California counties, already have or are adopting vehicle policies, such as those specifying justification requirements, or requiring written authorization for out-of-county vehicle use.**

- **As a result of Santa Clara County's weak and unenforced policies, some vehicles are under-used, the appropriateness of travel in County vehicles is difficult to assess, and use of County vehicles for commuting is, in some cases, only tangentially related to business needs. At least two departments have overtly authorized personal use of County vehicles for some staff.**

- **The Board of Supervisors should direct the Administration to draft a comprehensive policy governing justification for and assignment of County vehicles, and establish criteria for their use. Policies and enforcement that ensure more efficient use of County vehicles and fuel would save taxpayers at least hundreds of thousands of dollars annually, and possibly substantially more.**

Existing Policies Related to Vehicles and Use

Key Vehicle Policies

A variety of County policies and ordinance codes relate to vehicle use. The most pertinent ones are briefly summarized here, and collectively appended as Attachment 5.1. County policy 706.1 specifies that County drivers must have a County driver permit, as well as a California driver's license and a satisfactory driving record. Policy 706.1 permits employees to use their personal vehicles for County business, and provides for up to $500 in reimbursement for accidents under certain conditions. Policy 706.3 specifies that County vehicles "are to be used only for County business," and requires drivers of County vehicles (including full-time, part-time, extra help, paid and unpaid interns, and dependent contractor employees) to have a County driver permit and a driver's license. It assigns responsibility for the proper use of vehicles and servicing of vehicles to departments or agencies. It requires use of seat belts for vehicle occupants, and child safety/booster seats for young children. It requires drivers to operate County vehicles safely and legally, including a prohibition against operating vehicles with known or suspected mechanical problems. It specifies that vehicle operators are responsible for their own traffic citations and parking tickets. County Policy 301 relates to travel, and requires "advance approval" for all County business travel. For most employees, the approval must be in writing for out of state travel, and in writing for in state travel "if overnight lodging or airfare is included or if an advance is requested."

Board policy 4.20.3 establishes specific criteria for vehicle replacement, roughly corresponding to replacement after ten years. Policy 4.20.2 expressed the Board's desire "to reduce the overall size of the County fleet," by identifying vehicles that "do not meet minimum utilization criteria…." No minimum criteria are identified in the policy.

Key Ordinances

County Ordinance Number NS-20.09, which is the annual salary ordinance for managers, provides for assignment of vehicles to executives and to selected law-enforcement and law-enforcement-related personnel, is shown as Attachment 5.2.

County ordinance code Section A31-9 authorizes employees to use their personal vehicles for County business; Section A31-12 requires those employees to have car insurance; and Section A31-11 specifies that they are to be reimbursed for actual miles traveled for work, except for typical commute miles. Section A31-1.1 requires that the County Controller detail travel policies in a Travel Policy Desk Reference Manual, with updates at least every two years, with changes approved by the Board of Supervisors. Other sections of the code specify reimbursement procedures for travel expenses, such as meals, and related provisions.

Factors Not Addressed by County Codes and Policies

While these policies and codes express the County's general intention to have a fleet that is efficient and safe, their generic nature results in a lack of guidance on some critical policy issues, as highlighted below:

- Policy 4.20.2 references a need for fleet vehicles to "meet minimum utilization criteria." However, neither minimum criteria nor a process to eliminate vehicles that do not meet the criteria are provided for in the policy.

As a result, as detailed in Section 1 of this report, low-use vehicles are identified by Fleet Services pursuant to this policy, but then the bulk of them persist in the fleet. Many government agencies have established minimum criteria, including the U.S. government (generally 12,000 miles per year) and some large California counties. According to a survey of counties conducted for this audit, Frenso and Contra Costa counties have established minimum requirements, and the counties of Alameda, Riverside and San Bernardino are proceeding to do so. Contra Costa County currently requires at least 3,000 miles per year for a County vehicle, a level that is under consideration for increase. San Bernardino is considering a minimum requirement of 400 miles per month. Riverside is establishing monthly minimums by class of vehicle.

- The Travel Policy Desk Reference Manual established by County Ordinance Section A31-1.1 provides inadequate direction regarding at least two aspects of vehicle use. First, there is no requirement that use of a County vehicle constitute the most cost-effective means of travel, and second, the policy essentially permits employees to drive County vehicles anywhere in the state without documentation so long as they do not request an advance or stay overnight.

Regarding the first deficiency, personnel who potentially could use their personal vehicles, such as administrative personnel traveling to meetings within the county, sometimes use County vehicles. For example, in December 2008, Social Services administrative employees drove a total of 185 miles in a Chevy sedan (vehicle 01043), at a billed cost of $353.36, or $1.91 per mile. If those miles were driven in personal vehicles at the January 2009 reimbursement rate of 55 cents per mile, the total cost would be $101.75, for a difference of more than $250. Also, a review of travel records indicates that employees have traveled to the same destinations in the same time periods by personal car, County car or airplane. Either the travel policy manual or the Vehicle Use policy (706.3), or both, should be amended to establish minimum criteria such as cost-effectiveness for use of County vehicles versus other means of transport, including airfare, and identify appropriate exceptions.

The travel policy also places few requirements on employees who use County vehicles. Although travel is required to be authorized in advance, the fact that only verbal authorization is required unless the trip involves advance funds, out-of-state travel, or an overnight stay essentially permits employees to drive County vehicles throughout much of the state without documentation. That fact impeded assessment of the appropriateness of vehicle use for this audit, as described in Section 3 of this report. - Although recreational use of a County vehicle is prohibited under the existing vehicle use policy, the broad travel authority granted to employees under the travel policy makes it difficult to assess compliance with the business-use-only provision, rendering the provision virtually unenforceable. In contrast, Los Angeles County employees may not take a County vehicle out of the County without written authorization from their department heads. The authorization form is presented as Attachment 5.3.

- Policy 706.3 specifies that County employees are to use County vehicles "only for County business." The County travel policy expresses a similar sentiment. However, the term "business" use is not defined, and, in practice, the County officially authorizes some employees to commute to and from work in County vehicles.

Take-Home Cars

In a practice that is not established in County policy, departments identify commuters according to the reason they are commuting and provide a list to the County Executive's office for approval. As of October 2008, the most recent approved list of take-home authorizations prior to issuance of this report, there were 144 employees and officials formally authorized to commute at least part-time in County vehicles. Of these, according to the County Executive's Office records, there were approximately 84 individuals with continuing authorization to take home regular County automobiles on a full-time basis that are at least partially funded by General Fund dollars and that are not provided pursuant to a County policy or third-party agreement. Of the 144 commuters, twenty-seven use vehicles owned by departments that have no General Fund monies. At least another 10 take-home vehicles in various departments are funded by grants, or required by law-enforcement task force contracts. At least 12 personnel take home County cars on a rotational basis when they assume specific duties that require rapid access to vehicles, such as when serving as an on-call crime scene investigator. Another five vehicles are motorcycles that are taken home in order to provide adequate overnight storage. Another six authorizations are provided to executive management, pursuant to County ordinance, as described later in this section. The difference between the 144 total authorized commuters and the 84 commuters is shown in Table 5.1.

Table 5.1

Take-Home Vehicle Categories
as of October, 2008

144	Total take-home authorizations
-27	Non-General Fund Parks and Recreation and Roads and Airports vehicles
-10	Funded entirely by grants, or required by law enforcement task force contractual agreements
-12	Assigned on a part-time basis only
-5	Motorcycles
-6	Approved pursuant to County policy regarding executive vehicle assignments
84	Regular, Full-Time, General Fund Take Home Vehicles

Source: Santa Clara County Executive's Office

Under the take-home authorization practice, there are three categories of employees who could be so authorized. These circumstances are:

1) The employee is an "agency/department head/executive manager"

2) The employee is "frequently required to perform County business before or after normal working hours and/or on call 24 hours"

3) Commute use is authorized under the Deputy Sheriff's or Correctional Officer's Labor agreement.

The first category, that of "executive" personnel, also includes all law-enforcement and law-enforcement-related personnel who presently hold positions that, as of December

1996, had County vehicle assignments. The provision of vehicles to executives and law-enforcement personnel is pursuant to the annual management salary ordinance, NS-20.09. The relevant portion of this ordinance is provided as Attachment 5.2.

In some cases, the authorization records state that take-home use is justified as a consequence of two of the reasons above. Over time, the basis for some individuals' commute authorizations have shifted between the different categories as new lists have been generated. For instance, one Sheriff's Office lieutenant was identified on a January 2008 list as having commute authorization due to the labor agreement; the October 2008 list authorizes that individual's take-home use due to his "on call" status. This is despite the fact that appropriate department personnel identified this individual in a February 2009 interview for this audit as an example of staff who generally work regular Monday through Friday shifts without call-backs. According to the Sheriff's Office, all such staff are always "on call," and expected to assist without overtime compensation.

Authorizations Per Labor Agreement

It should be noted that there is *no authorization* in the current Correctional Peace Officer's Association (CPOA) Memorandum of Understanding for take-home vehicles. Further, according to Employee Services Agency management, there has never been authorization in the labor agreement. Despite this, there are eight Correctional Lieutenants whose take-home use is authorized in part due to the "labor agreement." According to the authorization list, the use is also authorized due to "call out" status.

As of October, 2008, another 14 employees have take-home authorization *solely* due to the County's labor agreement with the Deputy Sheriff's Association, according to the authorization list. This authorization relates to Section 19 of the existing (September 10, 2007 through September 5, 2010) Memorandum of Understanding between the County and Deputy Sheriff's Association. A copy of this section is provided as Attachment 5.4. The section states, in relevant part, that "the County shall assign vehicles to Sheriff's Lieutenants for official duties *and for use while in an on-call status*" (emphasis added). It further states that "Sheriff's Lieutenants are considered salaried employees. Their positions are of an executive or administrative nature, and therefore exempt from overtime recognition, either cash or compensatory time off." The agreement does not define the phrases "for use" or "on-call." According to the Sheriff's Office, these personnel are always "on call," and, therefore, if they were not provided with commute vehicles, would have to be paid overtime due to their on-call status. In effect, the vehicles are provided in lieu of overtime. According to relevant Sheriff's personnel, the extent to which these personnel are actually called out varies. However, according to the department, all of these lieutenants *could* be called to work at any time. Since the labor agreement does not define whether "use" includes commuting, and whether "on-call status" applies to any lieutenant who may be called back to work, the extent to which the labor agreement requires these take-home assignments is unclear. Sheriff's Office General Order Number 13.06 specifically authorizes both take-home use and personal use of vehicles for persons defined as being in "permanent on call" assignments. The policy defines these positions as: Sheriff, Undersheriff, Commander, Captain, Lieutenant, and anyone else designated in writing by a Commander or someone of higher rank. According to the Sheriff's Office, these personnel are always "on call," whether they are ever called back or not. It should be noted that the Sheriff's Office policies generally restrict use of County vehicles to within 65 miles of the department headquarters, and generally prohibits use of marked patrol vehicles beyond the County. County Counsel should provide an opinion as to whether "take-home" vehicle authorizations are required pursuant to the labor agreement for Sheriff's Office lieutenants whose actual after-hours use of County vehicles for County business is limited.

Authorizations Due to Executive and Law Enforcement Status

Another 29 commuters are authorized due to their executive or law-enforcement status, pursuant to the County's annual salary ordinance (NS-20.09), that defines which County managers are entitled to either standard vehicle allowances of between $500 and $600 a month (depending on position) or assignment of a County vehicle. (This policy is provided as Attachment 5.2.) Section 6 of this ordinance restricts assignment of County vehicles to employees due to their executive status to the following positions:

- Members of the Board of Supervisors
- The County Executive
- The Assistant County Executive
- Deputy County Executives
- The Finance Agency Director
- The Chief Probation Officer
- The Director of the Roads and Airports Department
- Chief Executive Officer of the Health and Hospital System
- Director of the Santa Clara Valley Medical Center
- Director of the Ambulatory and Community Health Services
- Chief Financial Officer for the Health and Hospital System
- Director of the Social Services Agency
- The Clerk of the Board of Supervisors
- County Counsel
- Chief of Correction
- Public Defender
- District Attorney
- Sheriff
- Assessor
- Director of the Department of Child Support Services

Of the 29 personnel whose commute use is authorized pursuant to this ordinance, six actually occupy positions authorized in the ordinance for vehicle assignment. Although that ordinance does not reference take-home use of vehicles per se, such use has been interpreted to be authorized due to the term "assigned." The remaining 23 commuters include two department directors, four senior-level managers, one division director, and 16 law-enforcement commanders or captains. The law enforcement personnel are authorized to take vehicles home under both their department policies and pursuant to interpretation of the salary ordinance, which provides for "assignment" of vehicles to law-enforcement and "law-enforcement related" positions based on whether vehicles were assigned to those positions as of December 16, 1996. The relevant portion of this ordinance, NS-20.09, is provided as Attachment 5.2. The vehicle assignment provisions in this section should be eliminated. Instead the County should allocate vehicles on the basis of business need, according to specific criteria codified in a comprehensive Board-approved vehicle policy.

In addition, the salary ordinance states that "No person residing outside of the County of Santa Clara may be assigned a County vehicle." This provision is not enforced; several employees commute in County vehicles to out-of-county residences. This issue is detailed in Section 6 of this report.

Authorization Due to "On-Call" Status – the 287-Mile Commute

In addition to the commute authorizations previously described in this section, another 39 full-time take-home authorizations as of October 2008 were due entirely to the authorized parties' "on call" status. These personnel included the Public Information Officers for both the Sheriff's Office and the Department of Correction (DOC), two deputy probation officers, three DOC Internal Affairs Investigators, the Crime Laboratory Director, the Fleet Manager, one attorney in the District Attorney's office, the Deputy Chief of Investigations; 11 D.A. investigators and lieutenants, two Sheriff's Office Internal Affairs Investigators and one Sergeant who oversees Medical Examiner-Coroner's investigations, one Sheriff's Lieutenant assigned to the courts, four Animal Control Officers, four Sheriff's Office homicide and crime scene investigators; one Elder Fraud investigator; one Sheriff's Deputy assigned to County Counsel; and three Sheriff's Office Sexual Assault task force investigators. Of these 39 individuals, commute distances could not be determined for three.

If each of the 36 commuters drove from their residential zip code, as identified in County payroll records, to work in central San Jose (the 95110 zip code) and then back home on a single day, they would add approximately 2,098 miles to the County fleet on that day. If they averaged 25 miles per gallon, they would consume nearly 84 gallons of County fuel. Assuming fuel costs $2.50 a gallon, the fuel expense alone for these 36 people to travel to and from work would be almost $210 a day. Therefore, these individuals' commute-only fuel expense likely exceeds $44,000 per year, not counting wear and tear on the vehicles or the cost of the vehicles themselves.

It should be noted that 15 of these personnel commute from outside of the County, which appears to be a violation of County policy, as discussed in detail in Section 6 of this report. Of these 36 people, nine have round-trip commutes of less than 20 miles, and eight have round-trip commutes in excess of 80 miles – measured from their home zip codes to central San Jose. By this measure, the round-trip commute distances for these personnel range from about 5 miles for the closest San Jose residence to 287 miles for one employee who lives in Fresno. Two other employees who live in Modesto have round-trip commutes in excess of 160 miles.

The fact that commuting itself is not addressed by a Board of Supervisors policy or ordinance results in questions about the appropriateness of this type of use for non-executive staff, particularly given that existing policy states that County vehicles are intended for County business. However, as just described, some such uses may be the most efficient and practical manner of meeting the County's operational needs.

Problems Identified with About Half of Staff-Level Take-Home Use

Similar issues associated with commute use have been identified in other recent audits. The Management Audit of the Office of the District Attorney found that at least 15 staff who were never placed "on call" and who were infrequently called to work after hours were nonetheless authorized to commute in County vehicles due to their on-call/after-hours work requirements. The Management Audit of the Parks and Recreation Department found that four employees were commuting in County vehicles without authorization through the County Executive's approval process. (These commuters were subsequently authorized.) In addition, this audit has identified eight Department of Correction personnel commuting primarily due to "long-standing" practice that is not included in their labor agreement. Further some of the Sheriff's office personnel who commute pursuant to the labor-agreement provisions for "on call" staff are not regularly called out, according to the department, but are authorized commuters due to their continuous "on call" status.

Countywide, some 20 personnel from various departments commute in County vehicles due to their "executive" status, but their positions are not included in the policy governing executive vehicle assignments. Lastly, this audit has identified additional persons commuting to out-of-County residences in County vehicles.

Therefore, within the last 18 months, *at least* an estimated 47 percent of staff-level commuters in County cars and trucks have been identified as taking home vehicles without authorization, or with authorization that is only loosely related to job requirements, or commuting in apparent violation of the either the County residence requirement (further detailed in Section 6 of this report) or the executive-vehicle assignment ordinance.

Other Vehicle-Assignment Problems

Due to the intensively time-consuming nature of commute-use assessments, not all commute use has been examined in detail. Therefore, it is likely that other similar instances or additional commute issues exist but have not been specifically identified. Further, as detailed in Section 3 of this report, additional individuals appear to be engaging in wholly unauthorized vehicle use. The extent of this type of use is also likely to be under-represented in this report, chiefly due to the difficulty of unequivocally identifying such instances. The inherent difficulty of such research is greatly complicated by the absence of adequate travel policies, such that employees have broad leeway to travel without documentation in County vehicles across the bulk of the state, as detailed in Section 3 of this report.

In addition, as detailed in Section 1 of this report, the non-commute assignment of vehicles does not appear to be consistently and directly related to the business need for vehicles. While some County vehicles are little used, more than a dozen employees are logging in excess of 10,000 miles a year for County business in their personal vehicles.

All of these problems are a direct outgrowth of the lack of defined criteria for vehicle assignments for both commute and non-commute use, and inadequate enforcement of existing criteria.

Effects of Policy Insufficiencies

- The lack of minimum utilization criteria and a process to eliminate under-used vehicles results in a fleet that is larger and more expensive than necessary, as detailed in Section 1 of this report. The Santa Clara County Board of Supervisors should revise policy 4.20.2 to include minimum utilization criteria and exceptions to the criteria, and define a process for elimination or re-allocation of vehicles that do not meet the criteria or exception requirements.

- The fact that County vehicles may be taken on trips throughout much of the state without written authorization is an internal control weakness that renders the business-use-only provision of the County's vehicle policy virtually unenforceable, a circumstance that some employees appear to have taken advantage of, as described in Section 3 of this report. The Santa Clara County Board of Supervisors should direct the Administration to draft an amendment to the travel policy and/or vehicle-use policy to require notation of all out of County travel in an in-vehicle log, and to require advance written authorization for employees to drive County vehicles more than 75 miles from the Hedding Street County Government Center.

- The lack of policy criteria for staff-level commuting in County cars raises questions about the business need for such assignments, and, in some case, the appropriateness of this compensation. Unlike travel expenses that are directly related to County business, which are specifically capped by County policy, such use is not subject to spending limits or other criteria established by the County. The assignment and use of County vehicles for commuting without a clear policy criteria for such assignments results in somewhat arbitrary allocation of fleet resources. The Board of Supervisors should direct the Administration to draft for Board approval specific criteria for the assignment and use of "take-home" vehicles.

- The fact that County policies do not require an assessment of the relative costs associated with different methods of travel to a given destination means that employees may choose to fly or drive, taking either a County car or their personal car, without consideration of cost effectiveness. The Board of Supervisors should direct the Administration to draft a policy requiring cost-effectiveness or appropriate exceptions for County business travel for approval by the Board.

CONCLUSION

The County's existing policies and ordinances associated with use of County cars are inadequate, resulting in the somewhat arbitrary use of fleet resources, and in fleet uses that unnecessarily increase County costs. Existing policy prohibiting assignment of vehicles to non-residents is not enforced. The Board of Supervisors should direct the Administration to prepare improved vehicle policies to improve the efficiency and cost effectiveness of the County fleet and direct the County Executive and Fleet Services to adhere to existing policy regarding assignment of vehicles.

RECOMMENDATIONS

The Board of Supervisors should:

5.1 Direct the Administration to address the deficiencies identified in this and the other 10 sections of this audit by performing a thorough review of all existing County policies, labor agreements, ordinances and practices and preparing, in concert with departments as appropriate, a proposed comprehensive County-wide policy, procedure and ordinance manual for approval by the Board of Supervisors. (Priority 1)

5.2 Direct the County Employee Services Agency (ESA) and Fleet Management to develop criteria to determine whether a given position has an actual business need for an assigned County vehicle, and direct ESA to negotiate labor contracts to eliminate any vehicle assignments deemed to be based on criteria other than business need as the contracts come up for renewal. (Priority 1)

5.3 Direct the Administration to eliminate the vehicle assignment provisions in Section 6 of NS-20.09, and instead adopt the process described in Recommendation 5.2. (Priority 1)

SAVINGS, BENEFITS AND COSTS

Implementation of a comprehensive vehicle policy that improved controls on vehicle use would reduce annual fleet mileage by an undermined amount. Reducing annual miles by just one percent would save an estimated 140,000 miles every year, or roughly the equivalent of the annual use of 18 average-mileage vehicles. Assuming a third, or six, of these vehicles could be eliminated and the remainder re-allocated to reduce mileage reimbursement costs, and factoring in savings due to reduced fuel and maintenance expenses, a one percent reduction in annual miles would save at least $250,000, with at least $95,000 of this in ongoing annual savings. If 18 vehicles were eliminated, the savings would amount to at least $500,000 over time.

To the extent that take-home vehicles are not required for the County's law-enforcement lieutenants under existing labor agreements, some commute use for these vehicles could be eliminated. However, the Sheriff's Office believes that elimination of commute vehicles would increase overtime costs. It is not clear whether such payments would be required, and if so, what these expenses would amount to relative to the cost of provision of commute vehicles. Excepting potential overtime costs, the potential extent of savings would depend on the number of vehicles affected, and the actual current cost of the usage of those vehicles. Similarly, the extent of savings by limiting take-home vehicles to persons with a genuine business need for commute use would depend on the volume of vehicles affected and the actual commute costs of current usage. The total number of commuters potentially affected by Recommendations 5.2 and 5.3 is 46.

Attachment 5.1

Key County Policies and Ordinances Related to Vehicle Use

POLICY 706

SAFE DRIVING PROGRAM

POLICY

All County employees* and volunteers operating motor vehicles on County business are reminded that their actions represent the professionalism and character of all County employees to the citizens of the County of Santa Clara. Each County driver is expected to drive defensively, to anticipate emergency situations, to know the mechanical condition of the vehicle and to make every reasonable effort to avoid accidents. They will follow all applicable rules of the road. Furthermore, each driver shall report any suspected equipment malfunctions to his/her supervisor for necessary action. The appropriate garage shall then be notified to determine if the vehicle can safely continue to be driven. Effective 07/01/2008, drivers in California are prohibited from driving a motor vehicle while using a wireless telephone unless a hands-free devise is used.

OBJECTIVES

The Safe Driving Program stresses accident prevention through positive action. Its goals are:

1. To prevent injury and property damage.
2. To develop and encourage safe driving.
3. To minimize the loss of time and money due to accidents.
4. To provide for economical operation of automotive equipment.
5. To maintain a positive public image of County Government.

Rules and regulations in this program shall be considered as official regulations under Merit System Rule A25-301.

ELEMENTS

Element	Description
Driver Permits	All County employees and volunteers who drive on County business are required to have a valid County of Santa Clara driver permit in addition to a current California driver license. Anyone not meeting these requirements is not permitted to drive on County business. See County Policy 706.1 Vehicle Use – County Driver Permits for further detail.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

Element	Description
Personal Vehicle Use	Use of private vehicles on County business may be authorized by Agency/Department Heads or their designee. See County Policy 706.2 Vehicle Use – County Use of Private Vehicles for further detail.
County Vehicle Use	County vehicles are to be used only for County business. See County Policy 706.3 County Vehicle Use for further detail.
Defensive Driving Course	Employees and volunteers who drive on County business shall complete the County Defensive Driving Course: 1. In order to initially obtain or renew a County driver permit, or 2. When required by the department or ESA Insurance as a result of a preventable accident or a poor driving record.
Vehicle Incident Report	In the event of an accident while on County business, employees and volunteers must complete a Vehicle Accident/Incident Report form (Form 1542) and submit it to their supervisor and ESA Insurance. ESA Insurance reviews vehicle accident/incident reports to determine if the accident/incident should be referred to the department for further action.
Departmental Motor Vehicle Accident Review Procedure	Santa Clara County minimizes employee vehicle accidents through driver training, review of employees' Department of Motor Vehicle driving records, vehicle maintenance, and accident review procedures. This document contains the procedures for reviewing employee vehicle accidents/incidents. See Policy 706.4 Department Motor Vehicle Accident Review Procedure and Motor Vehicle Accident Review Guidelines for further detail.

Element	Description
Countywide Accident Review Board (CWARB).	The Countywide Accident Review Board is responsible for reviewing employee appeals to Departmental Accident Review Board decisions and to any appeal to the revocation of a County driver permit by the Director of ESA Risk Management. See Policy 706.4 Department Motor Vehicle Accident Review for further detail.

REFERENCE MATERIAL - RELATED LAWS, REGULATIONS AND PROCEDURES

Subject	Reference	Section
California Driver License	California Vehicle Code	12515, 12811, 14606
County Driver Permit	County Policy and Procedures	706.1
Business Use of Private Vehicles	County Policy and Procedures	706.2
County Vehicle Use	County Policy and Procedures	706.3
Department Motor Vehicle Accident Review Procedure	County Policy and Procedures	706.4
Driver Training Program, Coordinator Duties, DMV, Etc.	ESA Insurance Division Driver Training Coordinator Manual	Various Tabs

Additional information regarding the Safe Driving Program can be obtained from the Employee Services Agency Risk Management Department Insurance Division.

FORMS

Name	Form Number
Vehicle Accident/Incident Report	1542

POLICY 706.1

VEHICLE USE - COUNTY DRIVER PERMITS

POLICY

All County employees* and volunteers who drive on County business are required to have a valid County of Santa Clara driver permit in addition to a current California driver license. Anyone not meeting these requirements is not permitted to drive on County business. The Director of ESA Risk Management shall have the sole authority to revoke a County driver permit.

PROCEDURES

Responsible Party	Action
County Driver	In order to obtain a County driver permit, County employees and volunteers shall provide a copy of their current California driver license to their department. All County employees and volunteers who will be driving on County business shall complete and submit to their department Form 6409 –Request For Driver Permit, and DMV Form INF 1101 – Authorization For Release of Driver Record Information. The department will obtain driving records directly from the DMV for these County drivers. In the event a County employee's or volunteer's California driver license is revoked, suspended, or restricted in a way that would affect their ability to drive while on County business, the person has a duty to immediately notify their department. In the event of an accident, while driving on County business, employees and volunteers must complete a Vehicle Accident/Incident Report form (Form 1542) by the next business day and submit it to their supervisor and ESA Insurance.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

Responsible Party	**Action**
Department	Verifies that the County employee or volunteer has a current valid California driver license. The department then issues a temporary 90-day County of Santa Clara driver permit and enrolls the County employee or volunteer in the County Driver Training Course. The department shall enroll all County employees and volunteers with County driver permits into the DMV Employer Pull Notice Program. **Employees and volunteers must be removed from the DMV Pull Program once they separate employment or volunteer services from the County.** In the event the department receives notice from the DMV Employer Pull Program that an employee's or volunteer's California driver license has been revoked or suspended the department must not allow the employee or volunteer to drive while on County business. In such cases, the department must notify ESA Risk Management. The department may contact ESA Risk Management for further review of individual DMV Employee Pull Program reports as needed. In accordance with the Departmental Motor Vehicle Accident Review Procedure Policy 706.4, the department shall review all employee and volunteer involved automobile accidents.
ESA Insurance Division	Provides County Driver Training Course and issues County driver permit, which is valid for three years. Reviews individual DMV Employee Pull Program reports as requested by departments.
County Driver/Department	Maintenance and Renewal of the County driver permit is contingent upon possession of a current California driver license and completion of the County Driver Training Course. The County Driver Training Course must be completed at least every three years to maintain and renew a County driver permit.

Responsible Party	Action
ESA Risk Management	When a County employee or volunteer demonstrates an inability to maintain a safe driving record or safe driving practice, that person's County driver permit may be revoked. A County driver permit will be automatically suspended at the loss or suspension of a California or other state driver license. The Director of ESA Risk Management shall have the sole authority to revoke a County driver permit. The decision to revoke a permit will be determined on a case by case basis. Prior to revocation, the County driver's department will be contacted for input. A County driver may reapply for a County driver permit one year from the date the permit was revoked. Appeals to the revocation of a County driver permit must be submitted in writing to the Countywide Accident Review Board within 10 business days of notification by the Director of Risk Management. Appeals must be mailed to: Santa Clara County ESA Insurance Attn: Accident Review Board 2310 N. 1st St., Suite 203 San Jose, CA 95131
Countywide Accident Review Board	The Countywide Accident Review Board is responsible for reviewing employee appeals to Departmental Accident Review Board decisions and to any appeal to the revocation of a County driver permit by the Director of ESA Risk Management. The decisions of the Countywide Accident Review Board are final and not open to appeal.

POLICY 706.4

DEPARTMENT MOTOR VEHICLE ACCIDENT REVIEW

POLICY

The purpose of accident review is to gather facts, identify causes and take action to prevent future accidents. Most vehicle accidents have multiple causes. The root cause of the accident may involve factors other than the actions of the driver. However, in most cases, the primary cause is driver error with secondary contributing factors. A thorough accident review will usually reveal multiple causes. Departments must review all automobile accidents within 90 days and determine if corrective measures should be initiated.

PROCEDURES

Responsible Party	**Action**
County Driver	In the event of an accident, while driving on County business, County employees* and volunteers must complete a Vehicle Accident/Incident Report form (Form 1542) by the next business day and submit it to their supervisor and ESA Insurance. Submit any appeals to departmental corrective measures and permit revocations within ten days to the Countywide Accident Review Board.
Department/Supervisor	Review the Vehicle Accident/Incident Report with the employee to ensure completeness and send to ESA Insurance. Review all employee and volunteer accidents which occur during County business. Refer to The Santa Clara County Department Motor Vehicle Accident Review Guidelines for further instructions and suggested corrective measures. Contact ESA Insurance if further assistance is needed in reviewing specific accidents and implementing corrective measures. Contact ESA Labor Relations prior to taking any action which may affect an employees work status.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

Responsible Party	Action
ESA Insurance	Review all Vehicle Accident/Incident reports and maintain a file of the reports. Request further information using the Supervisors Review Of Employee's Motor Vehicle Incident – Form 101 from the department/supervisor on questionable accidents/incidents.
ESA Risk Management	When a County employee or volunteer demonstrates an inability to maintain a safe driving record or safe driving practice, that person's County driver permit may be revoked. The driver permit will be automatically suspended at the loss or suspension of a California or other state driver license. The Director of ESA Risk Management shall have the sole authority to revoke a County driver permit. The decision to revoke a permit will be determined on a case by case basis. Prior to revocation, the County driver's department will be contacted for input. A County driver may reapply for a County driver permit one year from the date the permit was revoked. Appeals to the revocation of a County driver permit must be submitted in writing to the Countywide Accident Review Board within 10 business days of notification by the Director of Risk Management. Appeals must be mailed to: Santa Clara County ESA Insurance Attn: Accident Review Board 2310 N. 1st St., Suite 203 San Jose, CA 95131
Countywide Accident Review Board	The Countywide Accident Review Board is responsible for reviewing employee appeals to Departmental Accident Review Board decisions and to an appeal to the revocation of a County driver permit by the Director of Risk Management. The decisions of the Countywide Accident Review Board are final and not open to appeal.

REFERENCE MATERIAL - RELATED LAWS, REGULATIONS AND PROCEDURES

Subject	Reference	Section
Safe Driving Program	County Policy and Procedures Manual	706
County Driver Permit Requirements	County Policy and Procedures Manual	706.1
Vehicle Liability Insurance Requirements	California Vehicle Code	16450 and 16451
Driver Training Program, Coordinator Duties, DMV, Accident Reporting Procedures, Etc.	ESA Insurance Driver Training Coordinator Manual	Various Tabs
Authority to use a private Vehicles on County business	County Ordinance Code	A31-9
Reimbursement for use of Private conveyance	County Ordinance Code	A31-11
Insurance when private Conveyance is used	County Ordinance Code	A31-12

Additional information regarding this policy can be obtained from the Employee Services Agency Risk Management Department Insurance Division.

FORMS

Name	Form Number
Vehicle Accident/Incident Report	1542
Supervisors Review Of Employee's Motor Vehicle Incident	101

POLICY 706.3

COUNTY VEHICLE USE

GENERAL

County vehicles are to be used only for County business. Passengers are not allowed in County vehicles unless their status is related to County business. Only County employees* having a current California driver license and a valid County driver permit are allowed to drive County vehicles. Any exceptions will be at the discretion of the Director of ESA Risk Management. Agency/Department Heads are responsible for the proper use of vehicles assigned to their agencies/departments, and are to ensure that these vehicles are serviced and maintained as prescribed by Fleet Management.

DRIVER'S LICENSE

Agency/Department Heads are to ensure that all employees who operate vehicles maintain a valid California driver license of the proper classification and a County driver permit.

SAFETY

In accordance with State Law, seat belts are to be worn by all occupants of a County vehicle while it is in operation, and children must ride properly buckled up in safety seats or boosters until they are at least 6 years old OR weigh at least 60 pounds.

Employees are to operate County vehicles and equipment in a safe and law-abiding manner at all times. Vehicle operators are responsible for their own traffic citations and parking tickets.

A County vehicle should not be operated if it has known or suspected safety/mechanical problems. Fleet Management should be contacted for information regarding service or repairs.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

REFERENCE MATERIAL - RELATED LAWS, REGULATIONS AND PROCEDURES

Subject	**Reference**	**Section**
California Driver License	California Vehicle Code	12515, 12811, 14606
Safe Driving Program	County Policy and Procedures	706
Business Use of Private Vehicles	County Policy and Procedures	706.2
County Vehicle Use	County Policy and Procedures	706.3
Department Motor Vehicle Accident Review Procedure	County Policy and Procedures	706.4
Driver Training Program, Coordinator Duties, DMV, Etc.	ESA Insurance Division Driver Training Coordinator Manual	Various Tabs

Additional information regarding this policy can be obtained from the Employee Services Agency Risk Management Department Insurance Division.

FORMS

Name	**Form Number**
County Driver Permit	5748
Request For Driver Permit	6409
DMV Authorization for Release of Driver Record Information	DMV – INF 1101
Vehicle Accident/Incident Report	1542

MOTOR VEHICLE

ACCIDENT REVIEW GUIDELINES

County of Santa Clara

INTRODUCTION

Santa Clara County minimizes employee vehicle accidents through driver training, review of employees' Department of Motor Vehicle driving records, vehicle maintenance, and accident review procedures. This document contains the guidelines for reviewing employee vehicle accidents/incidents. Please refer to the Accident Review Guideline Flow Chart (Attachment I) to help clarify and assist you in the appropriate order of completion of the various elements described within these guidelines.

REPORTING ACCIDENTS

A copy of the Santa Clara County Vehicle Accident/Incident Report (Form #1542) must be kept in all County vehicles along with the registration and evidence of financial responsibility.

Employee: Notify your immediate supervisor of any accident involving a vehicle, personal or County, while on County business (failure to do so can result in disciplinary action). Complete the County "Vehicle Accident/Incident Report" form as soon as possible, but no later than the next business day and give the completed form to your supervisor. (Please note if police were called, department was notified, third party, etc.

SUPERVISORS: Review the Vehicle Accident/Incident Report with the employee to ensure completeness (instructions are included on the form) then send the Report to ESA Insurance. (Pony to 2310 N. First Street, Suite 203; San Jose, Ca 95131; Fax: (408) 441-4341

ACCIDENT REVIEW

The purpose of accident review is to gather facts, identify causes and take action to prevent future accidents. Most vehicle accidents have multiple causes. The root cause of the accident may involve factors other than the actions of the driver. However, in most cases, the primary cause is driver error with secondary contributing factors. A thorough accident review will usually reveal multiple causes.

ESA Insurance will review all employee vehicle accident reports, regardless of the severity of the accident, and determine if the employee's supervisor should conduct a further review. If so, ESA Insurance will send a "Supervisor's Review of the Employee's Motor Vehicle Incident" form (Form #101) to the supervisor to complete and return to ESA Insurance.

SUPERVISORS: Review the accident with the employee to determine the cause(s). Does it appear to be driver error on the part of the employee, the other driver, or a little of both? Was there a mechanical problem? Was the employee adequately trained and supervised? Were department policies and procedures followed? If you received a "Supervisor's Review of the Employee's Motor Vehicle Accident" form from ESA Insurance, complete and return it as soon as possible. Take action to prevent a reoccurrence by suing recommended corrective action guidelines.

ESA Insurance will assist departments in conducting their accident review when the accident involves major injuries or damage, when the driver has a history of multiple accidents, or when requested by the department. ESA Insurance maintains a central file of all vehicle accident reports.

CORRECTIVE MEASURES

Corrective measures are designed and intended to encourage safe driving. Such measures may include but are not limited to:

- Driver training;
- Revision of job assigned;
- A two-hour behind-the-wheel driver observation review;
- Driving privileges in County vehicles subject to probation;
- Informal disciplinary action/counseling;
- Revocation of employee's County driving permit
- Formal Disciplinary action up to and including termination;

Potential formal disciplinary action must be done in consultation with the Office of Labor Relations.

The decision to revoke an employee's driver permit will be determined by the Director of ESA Risk Management.

"Degree of Cause" is a key factor when determining the appropriate corrective measure to be initiated. For lower level accidents or incidents with a lower level "degree of cause" it is strongly recommended that employees take a refresher driver's training course. Formal disciplinary actions should be weighed carefully prior to implementation and should be done in consultation with the Office of Labor Relations.

All incidents and/or accidents involving County vehicles must be reviewed on a case-by-case basis.

For example, after review of all accident circumstances (interview, employee report, police report, damage report, etc.), it is determined that an employee made an illegal, unsafe or ill-advised backing, the recommended action for the supervisor **may** be to **initiate appropriate informal or formal disciplinary action** and/or to put the employee driver permit on 12 months probation. During the permit probationary period the employee should also be required to take a driver training course. The important principle to follow is that the corrective measures including disciplinary actions should be appropriate to the violation.

Below is a table that may be used to guide decisions regarding the "degree of cause" involved in an accident. A lower "degree of cause" would dictate that the initial corrective or disciplinary action imposed be of a lesser nature.

SUPERVISORS: Prior to initiation of discipline, department supervisors and managers must consult with the Office of Labor Relations.

Degree	Cause of Accident
Minor	Responsibility cannot be determined.
Minor	Damage caused by striking birds, rocks/debris thrown by other vehicle, road tar or paint spray.
Minor	Damaged while legally parked and unattended.
Minor	Mechanical failure.
Minor	Damaged while properly performing in line of duty.
Minor	Failure to allow for weather conditions.
Minor	Failure to observe: *Examples*: • Failure to observe objects or automobiles, stationary or in motion. • Failure to ascertain clearance and freedom of hazards to rear of vehicle when backing.
Minor	Lack of Forethought: *Examples:* • Failure to secure doors, tailgates, etc., before moving a vehicle. • Failure to allow clearance for loads and equipment.
Minor	Leaving vehicle improperly parked.
Minor	Turning from wrong lane of traffic.
Minor	Failure to signal.
Minor	Improper loading.
Minor	Failure to wait until move can be safely made.
Moderate	Usurping right of way. *Examples:* • Unauthorized use of siren. • Failure to yield to pedestrians.
Moderate	Lack of control due to inattention to driving.
Moderate	Lack of care or judgment in entering or leaving parking space.
Moderate	Following too closely.
Moderate	Cutting in on moving vehicles.
Moderate	Disregard of safety orders or rules: *Examples:* • Where any failure to adhere to safety instructions and orders was a contributing cause of the instructions and orders was a contributing cause of the accident or injuries; • Failure to properly fasten automobile seat belts.
Moderate	Illegal, unsafe, or ill-advised backing.
Moderate	Lack of care or judgment while operating a county vehicle in a 4- wheel drive configuration.
Moderate	Too fast for conditions.
Major	Excessive or unsafe speed: *Examples:* • A speed that is greater than is prudent for driving conditions at the time;

	• A speed in excess of that which is permitted by law or dictated by common sense for control.
Major	Failure to stop at boulevards, traffic signals, or railroad crossings.
Major	Unsafe passing.
Major	Driving on wrong side of street or highway.
Major	Asleep at the wheel.
Major	Reckless driving: Example: • When a vehicle is driven with a willful or wanton disregard for the safety of persons or property.
Major	Intoxication, or under the influence of intoxicants or drugs.

APPEALS

The causes of the majority of accidents are clear. Occasionally, however, an employee may believe that the cause of his/her accident was incorrectly determined or department actions (such as prohibiting the employee to drive on County business) were incorrectly determined. In these instances the employee may appeal the finding or suspension of County driving privileges.

SUPERVISORS: If the driver asks about an appeal, review the facts of the accident with him/her to determine if something was overlooked. Check with the ESA Insurance Division to see if additional information is available.

If, after reviewing all the facts of the accident, the employee still does not agree with the findings or ruling, he/she may make a final appeal to the Countywide Accident Review Board. Appeals must be submitted in writing to the Countywide Accident Review Board within 10 business days of notification. Appeals must be mailed to:

**Santa Clara County ESA Insurance
Attn: Accident Review Board
2310 N. 1st St., Suite 203
San Jose, CA 95131**

A written memorandum to the Countywide Accident Review Board shall be submitted with all back-up documentation and the specific reason(s) for the appeal. If the Countywide Accident Review Board requires additional information for classification it will request it in writing to the appellant.

Attachment I

Accident Review Guideline Flow Chart

Agency/Department Head

- Ensures Procedure Implementation.
- Ensures Santa Clara County Vehicle Accident/Incident Report (Form 1542) is in all Department vehicles.

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Employee

- Notifies immediate supervisor of any accident while on County business.
- Calls police and Sheriff Office if necessary (see back of Form 1542).
- Completes Vehicle Accident/Incident Report (Form 1542) and gives to Supervisor.

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Supervisor

- Reviews Vehicle Accident/Incident Report with employee.
- Sends original report to ESA Insurance.

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ESA Risk Management

- Reviews Vehicle Accident/Incident Report.
- Determines which incidents warrant further investigation.
- Sends, if appropriate, Supervisor's Review of Employee's Motor Vehicle Incident (Form 101) to supervisor for completion.

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Supervisor/Departmental Accident Review Board

- Reviews the accident with employee to determine the cause(s).
- Returns Form 101 to ESA Insurance.
- Reviews the facts to determine if remedial action is needed.
- Takes remedial action to prevent reoccurrence by using corrective action guidelines.
- Calls ESA Insurance to arrange a two-hour behind-the-wheel "Driving Practices Observation" review, if deemed appropriate for the employee.
- Arranges for a refresher driver training class for employee.
- Provides ESA Insurance Division with accident review results.

⇩

ESA Risk Management

- Arrange for 2 hour Behind the Wheel driver observation review. (if deemed appropriate).
- Maintains central file of all vehicle accident reports.
- Determines if revocation of County Driver's Permit is warranted.

⇩

Supervisor/Departmental Accident Review Board

- Determines disciplinary action following recommended corrective action guidelines.
- Counsels with Labor Relations prior to implementation of discipline.

4.20 TEN-YEAR FLEET PLAN (Adopted 1-23-07)

4.20.1 Purpose

The purpose of this policy is to establish the fleet plan for replacement of County vehicles and equipment. The objective is to standardize the fleet replacement process to create an orderly system of purchasing and funding fleet replacement to allow the County to accurately plan and budget for future departmental transportation requirements.

The Ten-Year Fleet Plan provides for replacement intervals on an annual basis to reduce capital, operating and maintenance costs thereby maximizing the safety and efficiency of the fleet. The Plan is referred to as the Ten-Year Fleet Plan since the replacement criteria leads to the majority of the fleet vehicles being replaced every ten years.

4.20.2 General Procedures

(A) Fleet Management will conduct an annual utilization study of the existing fleet for review by the County Executive. The study will identify vehicles and equipment that do not meet minimum utilization criteria in an effort to reduce the overall size of the County fleet.

(B) Based on this study, Fleet Management will initiate the vehicle replacement request cycle each fiscal year in November. Fleet Management will recommend specific vehicles for replacement based on factors identified in Section 4.20.3 below.

(C) Fleet Management will review recommended replacements with Agency and Department Heads, and will submit a final recommendation to the Office of the County Executive for analysis.

(D) Fleet Management will then prepare the annual Vehicle and Replacement Transmittal and recommendation for approval by the Board of Supervisors.

4.20.3 Vehicle and Equipment Replacement Criteria

County vehicles and equipment acquired and maintained by Fleet Management are recommended for replacement in accordance with this guideline/procedure.

<u>GENERAL</u>

The following plan will be used to determine specific annual replacements by vehicle class:

(A) Take the number of vehicles in each class, divided by the Age/Miles replacement criteria, to arrive at an average number of vehicles per year to be replaced.

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Sec. A31-1. Authorization of travel.

(a) Each member of the Board of Supervisors is authorized to travel within and without the boundaries of the County and state on County business. Travel shall be approved as provided in the Travel Policy Desk Reference Manual.

(b) Any other person traveling for County purposes shall obtain authorization as provided in the Travel Policy Desk Reference Manual prior to travel on official County business.

(c) It shall be the traveling employee's responsibility to know the general intent of the travel policies, exercise reasonable and prudent judgment relative to County business travel and to request reimbursement for travel expenses consistent with these policies. County Board members, Board appointees, other elected officials, the County Executive, agency/department heads, and department heads shall have primary authority for travel authorization, and the Controller shall have final approval authority on the compliance, appropriateness and reasonableness of travel reimbursement requests.

(Code 1954, § 3.1.4-1; Ord. No. NS-300.31, § 1, 5-26-58; Ord. No. NS-300.51, § 1, 9-19-60; Ord. No. NS-300.65, § 1, 10-15-62; Ord. No. NS-300.173, § 1, 2-26-73; Ord. No. NS-300.17, § 7, 7-18-73; Ord. No. NS-300.189, § 1, 5-31-74; Ord. No. NS-300.249, § 1, 10-11-77; Ord. No. NS-300.569, § I, 4-25-95; Ord. No. NS-300.707, § 1, 3-25-03)

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Sec. A31-1.1. Travel Policy Desk Reference Manual.

(a) Travel policies and principles will be summarized in the County Administrative Policy and Procedures Manual and will be set out in detail in the Travel Policy Desk Reference Manual. The Travel Policy Desk Reference Manual will provide the policy's purpose, objectives and guiding principles. It will also describe responsibilities, required approvals, spending and reimbursement limits and shall describe both allowed and disallowed travel expenses. The desk reference manual will also describe standards for exceptions, claims procedures and timelines for submitting travel claims.

(b) The County Controller is authorized to maintain, review and update these travel policies and desk reference manual in accordance with required changes and not less than once every two years. Any major revisions or changes to the travel policies, principles, rules and guidelines shall be approved by the Board of Supervisors.

(Ord. No. NS-300.707, § 2, 3-25-03)

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SANTA CLARA COUNTY

TRAVEL POLICY

DESK REFERENCE MANUAL

♦♦♦

January 2006

Finance Agency
Controller-Treasurer Department

PURPOSE, OBJECTIVES AND PRINCIPLES

Purpose:
The Santa Clara County Ordinance, Division A-31 authorizes travel for business purposes, on the County's behalf. The ordinance allows advances and reimbursement for actual and necessary expenses incurred by County employees and others for business travel and related expenses. The ordinance also states that specific policies, procedures and guidelines are provided in this Santa Clara County Travel Desk Reference Manual, as well as the Santa Clara County Administrative Policies and Procedures Manual. The County Ordinance and County Administrative Policy on travel can be found in Appendices A and B.

Objectives:
The objectives of the County's travel policy and procedures documents are as follows:

- To support travel costs incurred on behalf of the County for the purpose of conducting County business
- To establish uniform criteria and approval authority for advances and reimbursement of travel expenses for County business travelers
- To ensure all County business travelers have a clear and consistent understanding of policies and procedures for business travel
- To provide County business travelers with a reasonable level of service and comfort at reasonable cost
- To avoid the improper use of County funds for travel that does not benefit the County.

Guiding Principles:
Travel on behalf of the County will be approved when the purpose results in a benefit to the County.

All expenses incurred while traveling on County business should be a reasonable and prudent use of public funds. Cost will be taken into account when weighing the importance and benefits of the business purpose for travel. Travelers should choose the most efficient, direct and economical travel options required by the occasion.

Travel is authorized for the minimum number of persons necessary to carry out the business purpose of the travel, and only for those whose job tasks are directly related to the purpose of the travel.

Occasions for Travel:
Examples include the following types of occasions when the County traveler is required to travel out of the general region to:

- Attend a convention, seminar, meeting, school, or training
- Make professional presentations as a County employee or official
- Interview persons; inspect programs, facilities or institutions; conduct surveys; exchange professional information
- Work at a project location sufficiently distant from the main or regular place of work to require overnight lodging
- Work long hours away from the main or regular place of work where daily travel is impractical
- Transport equipment to and from distant points for repair or maintenance
- Transport prisoners and/or clients; attend legal proceedings or hearings
- Participate in formal activities, including hosting of persons who, for protocol reasons, merit appropriate courtesies and hospitality

Non-occasions for Travel:
Membership in an organization is not of itself a basis for travel authorization, and in no circumstance shall employees be authorized to travel as a reward for meritorious service, performance, or employee recognition, unless the purpose is to receive an award of formal recognition bestowed by a recognized outside organization for work performed for the County.

Exception Principles:
Exceptions to specific provisions of County travel policy may be authorized on a case-by-case basis, and only when there is adequate written justification and documentation and the travel is within the intent of the overall travel policy. Allowable exceptions are confined to the following conditions:

- To serve the business interest of the County
- To avoid a severe hardship or inconvenience
- To observe an established or expected protocol at a specified event
- To respond to an emergency situation

See also sections Requests for Exception and Approval of Exception, below, pages 15-16.

Possible Conflict with Labor Agreements or Laws:
These policies apply to all County employees unless they are in conflict with specific provisions of existing labor agreements or with specific provisions of state or federal law. In such cases, the provisions of those agreements or laws shall prevail for the employees covered under those agreements or laws.

Geographical Categories:
Santa Clara County travel policies cover three geographical categories:

- In-State
- Out-of-State (within contiguous 48 states)
- International and Travel to Hawaii/Alaska

Advance Fund Request and Claims Submission:
A County traveler may submit a request for advance funds to cover anticipated out-of-pocket travel expenses whenever the expenses are incurred as part of official duties and the traveler does not have a P-Card. He or she may also submit a claim for reasonable, actual and necessary incurred expenses related to such authorized travel.

Prudent Judgment and Common Sense:
While this manual tries to provide specific guidelines for most circumstances that might be encountered while traveling on County business, it cannot anticipate all possible circumstances. When such circumstances occur, employees should use prudent fiscal judgment and common sense in the expenditure of public funds.

RESPONSIBILITY AND ENFORCEMENT

Traveler:

Anyone who travels on County business, or supervises someone who travels, is responsible for knowing the general intent of the travel policy. The traveler is responsible for complying with the County's travel policies and exercising reasonable and prudent judgement relative to County business travel. The traveler is also responsible for obtaining proper authorization and preparing and submitting expense reports on a timely basis along with appropriate receipts.

Dept. Head, Agency/Dept. Head, Board Appointee, Elected Official:

Note: Agency/Department Heads report directly to the County Executive. Department Heads report to Agency/Department Heads.

The Department Head, as well as Board Appointee and Elected Official are responsible for travel requests and expenditures of their corresponding departments, and for exercising due diligence to ensure that authorized travel is necessary and appropriate for the conduct of County business, that the cost is reasonable and justified by the trip's purpose, and that the travel expenditures are within budgetary limits. They are also responsible for assuring that expense reports are accurately reviewed for compliance and for review and recommendation regarding exceptions.

While this policy places the primary responsibility for departmental travel oversight on the department head level in the overall County organization, respective immediate supervisors/managers, including the County Executive (or designee) and Agency/Department Heads may impose any additional approval levels or processes that they require for respective individuals and/or organization(s) under their purview.

Department Travel Coordinator:

The Department Travel Coordinator is considered to be the "resident expert" and is the primary contact point for travel-related matters. He/she provides information, instruction, and training to department staff. As the department resource for travel arrangements, forms and materials, the Coordinator receives training, updates and changes to travel policies and procedures from the Controller-Treasurer Department and is responsible for notifying his/her departmental personnel. The Coordinator is a contact point for obtaining electronic forms. He/she is also responsible for providing travel assistance in several ways, including assistance with documentation, e.g., additional justifications, and consultation and/or troubleshooting regarding claims issues, e.g., discrepancies, need for clarification or additional paperwork; maintenance of central travel control log; and BTA reconciliation. In cases where charges are inconsistent with general policy guidelines but are justifiable, or when there are travel costs that may otherwise be questioned, the Coordinator assists in ensuring that the business purpose of travel costs is clearly stated. Department reimbursement, travelers should use the Employee Mileage form. See also Mileage Reimbursement Through Payroll section, page 49.

Current mileage rates are included in Appendix L. A California Mileage Chart is provided in Appendix I. In addition, blank form samples and instructions can be found in Appendix Q.

The County P-Card is not to be used for personal car mileage expenses, since the traveler assumes responsibility for personal vehicle expenses and will be compensated through mileage reimbursement. Also, the County gas credit card is allowed only for County vehicles and may not be used for personal vehicle expense.

No advance will be provided for mileage reimbursement unless as an "Airfare Equivalent" (AFE).

Airfare Equivalent (AFE) Reimbursements:
Personal car mileage for travel is reimbursed based on the "equivalent airfare" (Airfare Equivalent, or AFE) when driving in lieu of traveling by air. This provision applies when the employee is traveling by personal car outside of the local area to a destination with scheduled airline service and mileage expenses would be more than the airfare equivalent.

In this case, the Trip Expense Voucher should show the amount for Coach Class airfare (per Y-Cal schedule or Travel Agency quote when Y-Cal is not available) to the same destination, plus the amount for avoided airport parking (at San Jose International Airport long term rates) and avoided mileage to/from the airport. Mileage reimbursement is thus covered in the total trip expense reimbursement. Note, for Equivalent Airfare, the Employee Mileage form is not used. See also Allowable Mileage Reimbursement for Travel section, page 35. Information on the Y-Cal Program can be found in Appendix N. Current long-term parking rates for San Jose International Airport can be obtained by calling the airport at 277-3145.

Personal Car Insurance:
It is the responsibility of the owner of a vehicle being used for business to carry adequate insurance coverage for personal protection as well as the protection of any passengers. It is required that the vehicle have motor vehicle liability insurance, with pertinent information on file at the employee's department and kept current with the County. See also Travel Insurance division, page 24.

Travel Tip: Hotel telephone rates are usually quite expensive. For cheaper rates, use a phone charge card.

Travel Tip: When travelers use the hotel telephone for an internet link-up (checking email, transferring documents, etc.), it is recommended that they use the telephone line only long enough to transfer the needed information. Log off immediately and review your information or write email responses off-line. Then call back to transmit responses. Staying on-line while reviewing data can be very costly.

Travel Tip: When the traveler is away for two days or more on business, airport shuttles and taxis may be less expensive than using long-term airport parking. Check rates before making your final plans.

Non-Reimbursable Expenses:
The following incidental and personal expenses are generally <u>**not**</u> allowable for reimbursement:

- Traffic and parking violations
- Mileage for County vehicles
- Mileage for commute to work
- Emergency repairs on non-County vehicles
- Car rental insurance and Fuel Service Option (FSO) / Fuel Purchase Option (FPO)
- Insurance not provided for under this policy/procedure
- Alcoholic beverages
- Refreshments and snacks
- Medicinal remedies, health supplies, cosmetics
- Personal entertainment, e.g., in-room movies, saunas, fees for exercise room, sports events, personal reading material, personal grooming, optional tours, souvenirs
- Airline club membership fees and credit card fees
- Childcare fees
- Kennel/boarding fees
- Tips that exceed County allowances
- Expenses related to vacation or personal time while on business trip
- Personal travel expenses that cause additional cost to the County
- Expenses related to an employee's family member or friend accompanying the employee on business trips
- Other incidental expenses that are determined to be of a personal nature, extravagant, or might be considered to be unreasonable or unnecessary

the original receipts and other supporting documentation go with the P-Card report; copies are to be submitted with Trip Expense report.

Information on using the P-Card for travel can be found in Appendix P. For detailed information and instructions regarding the P-Card Program, see the County Procurement Card Program Manuals.

American Express Business Travel Account (BTA):
The County maintains a special credit card travel account with American Express which must be used for all air travel through the V-Cal and Y-Cal programs (See V-Cal and Y-Cal Airfare Programs section, page 26). The American Express Business Travel Account, or BTA, is also available for other airfare (or common carrier) travel expenses which are booked through the County approved travel agencies. However, when the traveler has a P-Card, the P-Card program is preferred method of payment over BTA, because it offers a rebate to the County.

County Gas Credit Card:
Gas credit cards issued to the County may only be used to purchase fuel and oil in County owned vehicles. Use of County gas credit cards for expenses associated with the use of personal vehicles is prohibited, regardless of whether or not the use of the personal vehicle was for authorized County business.

Direct Payment by Traveler, Reimbursement:
The County will reimburse travelers who pay for authorized expenses through personal means such as a personal credit card, merchant card, check, or cash. The reimbursement request, Trip Expense Voucher or petty cash request should be accompanied by receipts and/or other documentation.

Mileage Reimbursement Through Payroll:
No advance will be provided for mileage reimbursement unless as an "Airfare Equivalent" (AFE).

Personal mileage incurred while traveling for County business must be reported on the Trip Expense Voucher along with other travel expenses (i.e. meals, car rental, registration, etc.).

Personal mileage incurred without other travel expenses is paid through the payroll system (unless Airfare Equivalent rules apply, described below). To do this, the traveler submits a completed Employee Mileage Form along with the biweekly timekeeping documentation. Mileage claims are submitted with the biweekly payroll data. Travelers should follow their departmental requirements for timely submittal. At year-end, however, claims must be submitted within a time frame that allows the mileage to be charged to the fiscal year in which the driving occurred.

Approved by:	
Date:	
Replaces:	
#	Date:

301 TRAVEL

POLICY

Travel may be authorized for all employees and officers of Santa Clara County whether appointed or elected, members of boards and commissions advisory to the Board of Supervisors, County volunteers, as well as non-employees for the purpose of transacting County business or receiving training on behalf of the County of Santa Clara. The County allows advances or use of procurement cards (P-Cards) for estimated travel expenses, and reimbursement for reasonable actual and necessary expenses incurred for authorized travel and related expenses.

Guiding Principles
Travel on behalf of the County will be approved when the purpose results in a benefit to the County.

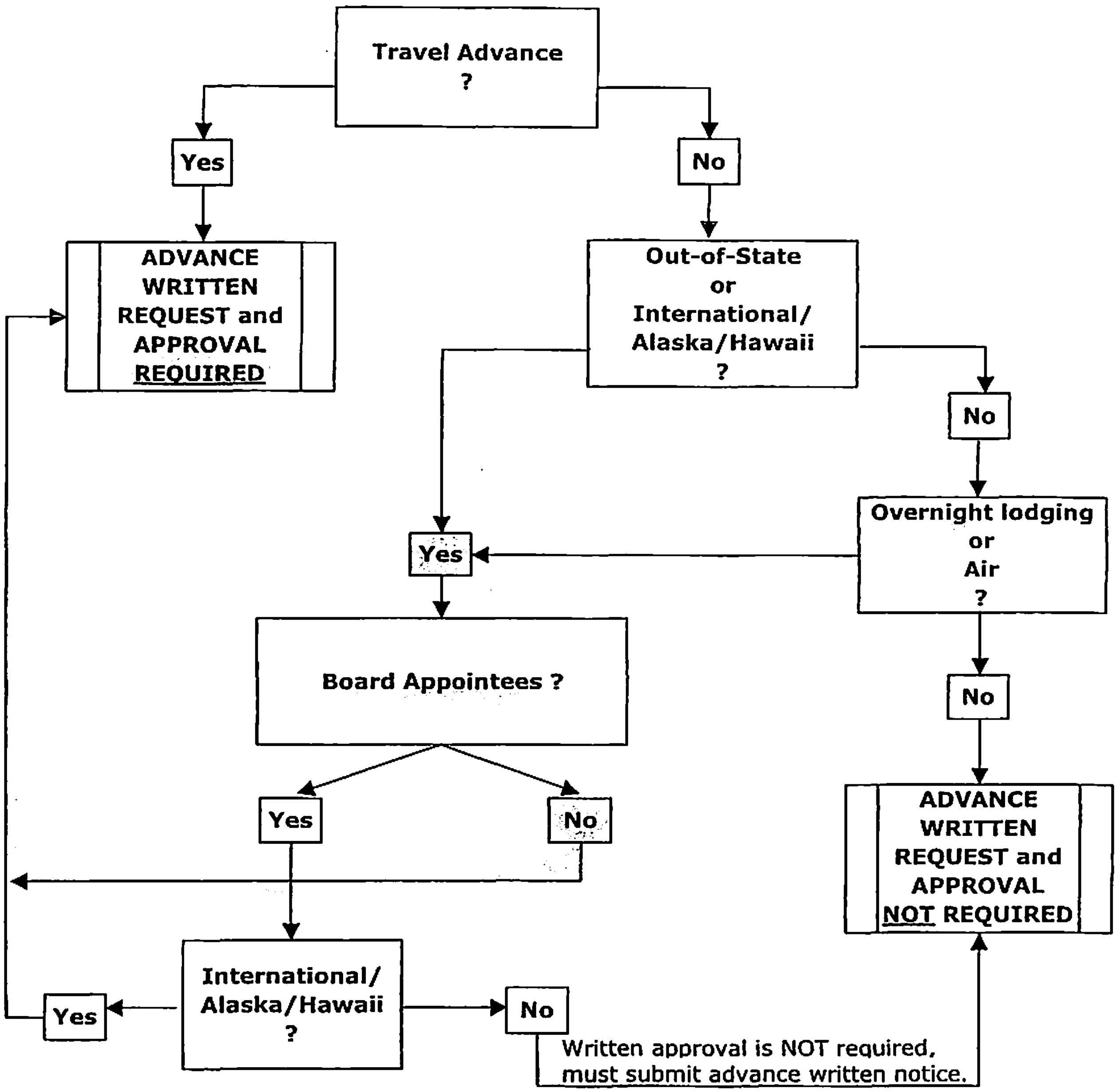
All expenses incurred while traveling on County business should be a reasonable, necessary and prudent use of public funds. Travelers should choose the most efficient, direct and economical travel options required by the occasion.

Travel is authorized for the minimum number of persons necessary to carry out the business purpose of the travel, and only for those whose job tasks are directly related to the purpose of the travel.

Approval for Travel
Advance approval is required for all County business travel. It must be written for all out-of-state and international travel. For instate travel, written approval is required if overnight lodging or airfare is included or if an advance is requested. International travel, which includes Alaska and Hawaii, must be pre-approved by the Board of Supervisors in public session for Board Members, their staff and for Commission members. International travel for Board Appointees is pre-approved in writing by the Board Chair, and for all others by the County Executive.

Exceptions:
Exceptions to specific provisions of the County travel policy may be authorized on a case-by-case basis. Requests for exceptions must be in writing and meet one or more of the four conditions detailed in the Travel Policy Desk Reference Manual. A County official or other traveler may not approve his/her own exception request.

County of Santa Clara
FLOW CHART FOR WRITTEN PRE-APPROVAL REQUIREMENT



Travel for Board of Supervisors does not require written approval, however, the Board of Supervisors, acting as a Board, approves in public session all international business travel for Board members and their staff.

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Sec. A31-9. Authority to use private conveyance generally.

An officer or employee traveling on County business may use personal transportation in lieu of common carrier service, provided that all County requirements concerning vehicles are met, as provided in the County Administrative Policies and Procedures Manual and Travel Policy Desk Reference Manual. In addition, the Director of Risk Management shall have the authority to revoke a County traveler's County driver permit.

(Code 1954, § 3.1.4-6; Ord. No. NS-300.36, § 5, 12-1-58; Ord. No. NS-300.87, § 3, 12-20-65; Ord. No. NS-300.146, § 1, 12-29-70; Ord. No. NS-300.569, § IX, 4-25-95; Ord. No. NS-300.707, § 9, 3-25-03)

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Sec. A31-12. Insurance when private conveyance used.

Except as otherwise provided by the Director of Risk Management, every officer or employee authorized to use a privately-owned automobile, motorcycle, motorized land conveyance or truck on County business shall maintain a policy of motor vehicle liability insurance in accordance with California Vehicle Code § 16451. The officer or employee shall provide the head of their office, department or institution with not less than ten days' written notice prior to the expiration, termination or material change of such policy, and shall deliver a copy of the policy to the Director upon request.

(Code 1954, § 3.1.4-9; Ord. No. NS-300.36, § 5, 12-1-58; Ord. No. NS-300.87, § 4, 12-20-65; Ord. No. NS-300.103, § 1; 11-21-66; Ord. No. NS-300.140, § 1, 7-7-70; Ord. No. NS-300.146, § 4, 12-29-70; Ord. No. NS-300.569, § XIII, 4-25-95)

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C. Persons in Class Codes P41 (Physician-VMC) shall be entitled to receive the following:

1. DEA License, California Medical License/X-Ray License fees paid at 100% and prorated for those working part-time, Professional liability Insurance fees, and Medical Staff/Society Dues not to exceed $1,200 each fiscal year. Fund is prorated for part-time physicians and to start date.

2. Physician Fees at other hospitals, including application fee, credentialing fees and staff dues will be paid for P41 Physicians working at other facilities in the course and scope of their employment with Valley Medical Center (VMC).

3. Tuition reimbursement and professional development benefits not to exceed $4,500 per fiscal year, prorated by number of months employed and the unused balance carried forward into the subsequent fiscal year, but not to exceed one year's allocation. The maximum amount at any given time cannot exceed $9,000.

SECTION 6. VEHICLES

Persons in the twelve (12) management positions, designated in Exhibit A to this Ordinance by an asterisk (*) shall use a personal vehicle for County business travel and shall be paid a flat rate vehicle allowance of five hundred dollars ($500.00) per month, or may be assigned a County vehicle upon approval of the County Executive.

For persons employed in Class Codes A01 (members of the Board of Supervisors), A02 (County Executive), A05 (Clerk of the Board of Supervisors), A62 (County Counsel), A2X (Chief of Correction), and A93 (Public Defender), A59 (District Attorney), A65 (Sheriff), A28 (Assessor), Q24 (Director, Department of Child

Support Services) and designated in the Ordinance by a double-asterisk (**) shall use a personal vehicle for County use and shall be paid a flat rate vehicle allowance of six hundred dollars ($600.00) per month, or may be assigned a County vehicle.

Management employees receiving the vehicle allowance shall not be eligible to claim mileage reimbursement for any miles traveled within the County of Santa Clara. No person residing outside of the County of Santa Clara may be assigned a County vehicle. Further, no person in a management position assigned a County vehicle can claim mileage reimbursement.

Persons occupying law enforcement and law enforcement related positions as of December 16, 1996, and persons appointed to such positions after December 16, 1996, if the position, as of December 16, 1996, was assigned public safety equipped County vehicles, shall continue to be assigned County vehicles notwithstanding other provisions of this Ordinance.

SECTION 7. PUBLIC EMPLOYEES' RETIREMENT LAW

The County of Santa Clara shall contribute toward the employee's share of the contribution rate imposed by the Public Employees' Retirement Law ("PERL"; Government Code Section 20000 et seq.) 7% of compensation for all local miscellaneous member employees (other than safety members), and 9% for safety member employees.

In accordance with § 20636, sub section (c) (4) of the California Public Employees' Retirement Law, the full monetary value of normal contributions paid to PERS by the County on behalf of the unrepresented employees, shall be treated as special compensation effective for Safety members on and after September 17, 2001 and

ORDINANCE NO. NS-20.08
EXECUTIVE MANAGEMENT MASTER SALARY ORDINANCE
EXHIBIT A

F/N	# of Pos.	Class Code	Position Title	Mid Point Salary (bi-weekly)	
ASSESSOR - BUDGET 115					
	1	A28	Assessor (U)**	7,001.68	F
	1	A29	Assistant Assessor (U)	5,398.80	
	1	A1J	Dir. Info. Systems - Assessor's Ofc	4,886.64	
	1	A42	Assessor's Ofc Admin. Services Mgr.	4,314.64	
	1	C55	Chief Auditor/Appraiser	4,229.60	
	1	C44	Chief Appraiser	4,229.60	
	1	C42	Chief of Assmt Standards & Services	4,229.60	
CLERK OF THE BOARD OF SUPERVISORS - BUDGET 106					
	1	A05	Clerk BOS (U) **	5,461.90	F
	1	D71	Chief Deputy - Clerk of the Board (U)	3,947.84	
COUNTY COMMUNICATIONS - BUDGET 190					
	1	A40	County Communications Director	4,935.52	
COUNTY COUNSEL - BUDGET 120					
	1	A62	County Counsel (U)**	10,111.04	F
	1	U39	Special Assistant County Counsel (U)	7,578.56	
	3	A79	Assistant County Counsel	7,578.56	
	1	B2K	Administrative Services Manager III	4,293.20	

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	
COUNTY EXECUTIVE - BUDGETS 107, 140, 610					
	1	A02	County Executive (U) (107)**	11,437.74	F
	1	A1X	Assistant County Executive (107)*	8,207.60	
	2	A10	Deputy County Executive (107)*	7,245.92	
	1	A20	Registrar of Voters (140)	6,207.84	
	1	B5A	Asset and Economic Development Director (107)	6,146.24	
	1	A38	County Librarian (610)	5,994.88	
	1	A2B	County Budget Director (107)	5,731.76	
	1	A2L	Public Communication Director (107)	5,371.92	
	1	J54	Deputy County Librarian (610)	5,034.88	
	1	A44	Director, Office of Affordable Housing (168)	4,649.28	
	1	A21	Assistant Registrar of Voters (140)	4,293.20	
	2	B2K	Administrative Services Manager III (610) (107)	4,293.20	
	1	B6E	Director of Emergency Preparedness (107)	4,271.92	
DEPARTMENT OF AGRICULTURE & ENVIRONMENTAL MGMT. - BUDGETS 261, 262					
	1	A50	Director, Department of Agriculture and Environmental Management (262)	5,876.48	
	1	A70	Director, Environmental Health Department (261)	5,187.68	
DEPARTMENT OF CHILD SUPPORT SERVICES - BUDGET 200					
	1	Q24	Director, Department of Child Support Services (U)**	7,067.44	
	1	A43	Chief Attorney, Department of Child Support Services	7,540.88	
	1	B2K	Administrative Service Manager III	4,293.20	
DEPARTMENT OF CORRECTION - BUDGET 240					
	1	A2X	Chief of Correction (U)**	7,243.36	F
	1	U73	Assistant Chief of Correction (U)	6,055.04	
(1)	4	U54	Correctional Captain	5,480.16	
	1	U30	Administrative Services Manager - Correction	4,649.28	

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	
DEPARTMENT OF PARKS AND RECREATION - BUDGET 710					
	1	A56	Director of Parks & Recreation	5,452.88	
	2	A68	Deputy Director of Parks & Recreation	4,603.20	
DEPARTMENT OF PLANNING AND DEVELOPMENT - BUDGET 260					
	1	A1B	Director, Department of Planning and Development	5,994.88	
	1	A2D	Development Services Manager	5,398.80	
	1	A2F	Planning Manager	5,398.80	
DISTRICT ATTORNEY - BUDGETS 202, 203					
	1	A59	District Attorney (U) (202)**	10,601.55	F
	1	A61	Chief Assistant District Attorney (U) (202)	8,166.80	
	5	A60	Assistant District Attorney (202)	7,578.56	
	1	V71	Chief Investigator, District Attorney (202)	5,994.88	
	1	V7A	Assistant Chief Investigator, District Attorney (202)	5,345.20	
	1	V63	Director of the Crime Laboratory (203)	5,110.64	
	1	B2K	Administrative Services Manager III (202)	4,293.20	
EMPLOYEE SERVICES AGENCY - BUDGETS 130, 132					
	1	A10	Deputy County Executive (130)*	7,245.92	
	1	A1N	Director, Risk Management (132)	4,886.64	
	1	A99	Employee Benefits Director (130)	4,790.32	
	1	A41	Human Resources Director (130)	4,790.32	
	1	A37	Labor Relations Director (130)	4,790.32	
	1	A1Q	Financial and Administrative Services Manager (130)	4,423.44	
	1	V01	Manager, Workers' Compensation Division (132)	4,146.16	

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)

FACILITIES AND FLEET DEPARTMENT - BUDGETS 263

	1	A53	Director, Facilities and Fleet	6,301.36
	1	C12	Manager, Capital Programs	5,562.80
	1	M39	Manager, Building Operations	4,838.24
	1	M37	Manager, Intragovernmental Support Services	4,649.28

FINANCE AGENCY - BUDGETS 110, 112, 114

	1	A07	Director, Finance Agency (110)*	7,616.48
	1	A08	Controller/Treasurer (110)	6,115.68
	1	A23	Tax Collector (112)	5,110.64
	1	B74	Fiscal Services Manager (110)	4,984.96
	1	A1G	Director, Information Systems - Tax Collector's Office	4,886.64
	1	A69	County Clerk/Recorder (114)	4,534.96
	1	B84	Investment Officer (110)	4,512.40
	2	B55	Controller-Treasurer Division Manager (110)	4,423.44
	1	B83	Tax Apportionment Manager (110)	4,423.44
	1	A34	Director, Revenue Collections	4,166.88
	1	A19	Assistant County Clerk/ Recorder (114)	3,909.60

INFORMATION SERVICES DEPARTMENT - BUGET 145

	1	A1F	Chief Information Officer	7,847.76

PRE-TRIAL SERVICES - BUDGET 210

	1	B69	Director of Pre-Trial Services	5,034.88

PROBATION DEPARTMENT - BUDGETS 246

	1	A80	Chief Probation Officer (U)*	6,055.04
	2	A82	Deputy Chief Probation Officer	5,034.88
	1	B6P	Administrative Services Manager - Probation	5,034.88
	1	A97	Dir. Info. Systems - Probation	4,886.64

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	
PROCUREMENT DEPARTMENT - BUDGET 118					
	1	A25	Director of Procurement	5,318.64	
PUBLIC DEFENDER - BUDGET 204					
	1	A93	Public Defender (U)**	9,286.75	F
	1	A95	Assistant Public Defender (U)	7,578.56	
	3	A94	Assistant Public Defender	7,578.56	
	1	V81	Chief Public Defender Investigator	5,318.64	
	1	B2K	Administrative Services Manager III	4,293.20	
ROADS AND AIRPORTS DEPARTMENT - BUDGET 603					
	1	A1R	Director, Roads and Airports Department*	6,332.88	
	1	B2K	Administrative Services Manager III	4,293.20	

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	

<u>SCVHHS- BUDGETS 410, 412, 414, 417, 418, 725, 921</u>

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	
	1	A11	SCVHHS, Chief Executive Officer (921)*	11,886.98	F
	1	A13	Director, Santa Clara Valley Medical Center (921)*	8,670.00	
	1	A15	Chief Financial Officer, SCVH&HS (921)*	8,670.00	
	1	A36	Dir., Ambulatory & Community Hlth Services (921)*	8,670.00	
	1	A49	Mental Health Medical Director (U) (412)	7,616.48	
	1	A14	Director of Nursing Services (921)	7,355.12	
	1	A83	Director, Center for Nursing Excellence (921)	7,318.56	
	1	P06	Public Health Officer (410)	7,032.24	
	1	C14	Health & Hospital Information Services Director (921)	6,790.96	
	1	S86	Assoc. Dir.,Acute Psych./Custody Health Services (414)	6,590.80	
	1	A51	Director of Mental Health Services (412)	6,558.00	
	1	A52	Director of Public Health (410)	6,460.56	
	2	A22	Assoc. Director, Professional & Support Services (921)	6,428.40	
	1	S17	Dep. Dir., Ambulatory & Community Health Svs. (921)	6,301.36	
	1	C04	SCVHHS Director - General Acctg and Reimbursement (921)	6,176.96	
	1	B85	Director, Planning & Marketing SCVH&HS (921)	6,085.28	
	1	A96	Dir., Performance & Outcome Management (921)	5,905.84	
	1	S33	Director, Inpatient Acute Care (921)	5,876.48	
	1	S37	Dir., Critical Care, Operating Rm. &Educ. Svs. (921)	5,876.48	
	1	P24	Dir., Nursing Financial/Administrative Services (921)	5,562.80	
	1	B89	Asst. Director, Managed Care Programs (725)	5,292.16	
	1	C49	Director, Alcohol & Drug Services (417)	5,161.84	
	1	N23	Director of Facilities, SCVHHS (921)	5,161.84	
	1	S40	Director of Public Health Nursing (410)	5,110.64	
	1	C10	Director, Patient Business Services (921)	5,009.84	
	1	C05	Director, General Fund Financial Services (921)	4,886.64	
	1	A57	Director, Community Outreach Services (418)	4,814.24	
	1	A3C	Director, Govt. & Public Relations & Spec. Projects (921)	4,742.88	
	1	A92	Director, FQHC Services (921)	4,649.28	
	1	B3R	Deputy Director, Mental Health Program Ops (412)	4,557.60	
	1	B20	Emergency Medical Services Administrator (410)	4,423.44	
	1	B2K	Administrative Services Manager III (410)	4,293.20	

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	

SHERIFF - BUDGET 230

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)	
	1	A65	Sheriff (U) **	8,827.34	F
	1	Z56	Undersheriff (U)	6,927.84	
	2	A2Z	Commander	5,994.88	
	1	A1S	Director of Sheriff's Administrative Services	5,994.88	
(2)	10	U55	Captain	5,480.16	
	1	A63	Director, Information Systems - Sheriff's Office	5,136.16	

SOCIAL SERVICES AGENCY - BUDGET 501

F/N	# of Pos.	Class Code		Mid Point Salary (bi-weekly)
	1	A86	Director, Social Services Agency*	7,282.16
	1	A3B	Director, Fiscal & Admininstrative Services - SSA	6,207.84
	1	A3A	Director, Development & Operational Planning - SSA	5,292.16
	1	A2V	Director, Family and Children Services	5,239.68
	1	A2N	Director of Information Systems - SSA	5,085.28
	1	A78	Director of Employment of Benefit Services	4,984.96
	1	B90	Chief Fiscal Officer-Social Services Agency	4,960.16
	1	A98	Assistant Director, Employment & Benefit Services	4,862.40
	1	A2S	Director, Adult and Aging Services	4,766.56
	1	A1V	Children's Shelter Director	4,580.32
	1	A74	Assistant Director, Family and Children Services	4,580.32
	2	B6U	Administrator of Benefit Services	4,580.32
	1	A73	Public Administrator/Guardian	4,357.84

SYMBOLS:

* - Position is eligible for the benefit described in Section 6 - Vehicles.
** - Position is eligible for the benefit described in Section 6 - Vehicles.
F - Indicates a flat rate pursuant to Section 2 relative to elected County Officials and persons appointed by the Board of Supervisors.

FOOTNOTES:

(1) One Correctional Captain (U54) position in Budget Unit 240, when assigned by the Chief of Correction to perform the duties of the Deputy Chief of Operations shall be compensated up to a maximum of 5% above the employee's current salary. (NS-20.98.14)

(2) One Captain (U55) position in Budget Unit 230, when assigned by the Sheriff to perform the duties of the Contract Cities Police Chief shall be compensated up to a maximum of 10% above employee's current salary. (NS-20.97.6)

Individual pay shall be based on complete review and evaluation of each individual and that individual's salary history with the County. Hiring and adjustments shall be made within the schedule based on recommendation of the County Executive. Automatic step placements are eliminated.

County of Los Angeles
County Vehicle Use Authorization

All County employees using a County vehicle are required to obtain approval from their immediate supervisor before requesting a vehicle from the County Motor Pool. In accordance with Los Angeles County Code, Section 5.40.400, County vehicles are to be used only for County business and must be used within the boundaries of Los Angeles County unless approved by the Department Head.

Employees are also required to furnish proof of their valid employee badge number and California Drivers License. The following information must be completed before any employee can use a County vehicle.

Employee Name: ______________________ Employee No. __________ Employee Signature __________________

Dept: __________________ Reason ____ Time ______________

Driver License No: ________________________________ Class: _________ Expiration Dated: _______________

Destination: ________________________________ Date(s) of Usage: ___________________ Phone: __________

Supervisor Name: ______________________ Signature _________________________ Date: ______________

Department Head Approval – Required to use County vehicle outside of Los Angeles County

Dept.Head Name: ___________________________ Signature: _______________________ Date: __________

Motor Pool Vehicle also requires ISD Department Head Approval.

ISD Director Name: _________________________ Signature: _______________________ Date: __________

LA County Code on Use of County Vehicles

5.40.300 County automobiles--Use restrictions.

Any county officer, chauffeur, or employee of the county using any county automobile for any purpose other than on business for the county shall be deemed guilty of a violation of his duties and shall be discharged as provided for in these sections, and no county officer, chauffeur or other employee shall, without special authorization from the board of supervisors or the chief administrative officer, take a county automobile outside of the county, except as provided in Sections 5.40.120, 5.40.310 or 5.40.320 of this chapter, or use such automobile in conveying any county officer or employee between the residence and the place of work of such officer or employee, or keep any county automobile overnight or on Sundays or holidays at the place of residence of any county officer or employee; provided, any authorization for special use of a county automobile as hereinabove specified shall not be construed as permitting the use of such automobile for the personal business or pleasure of any person whatsoever. (Ord. 11460 § 1, 1977: Ord. 11439 § 2, 1976: Ord. 6753 § 7, 1955: Ord. 4099 Art. 3 § 67, 1942.)

5.40.120 Trips to nearby counties--Conditions.

Department heads may leave and may permit their employees to leave the county on a mileage basis or use a county vehicle to carry on county business in nearby counties. (Ord. 12108 § 1 (part), 1980: Ord. 12019 § 3, 1979: Ord. 9005 § 4, 1966: Ord. 7049 § 1, 1956: Ord. 6896 § 1 (part), 1956: Ord. 6753 § 6 (part), 1955: Ord. 4099 Art. 3 § 61.2, 1942.)

5.40.310 Sheriff--Means of transportation.

The sheriff and his deputies may use any means of transportation, either within or outside the county, when such transportation has been approved by competent departmental authority in the performance of investigation of criminal cases arising in the county or in pursuit of criminals. (Ord. 6753 § 6 (part), 1955: Ord. 4099 Art. 3 § 66, 1942.)

5.40.320 Probation officer--Use of county vehicle permitted when.

The probation officer or his deputies may take a county machine outside the county when actually engaged in transporting a juvenile court ward to another county or investigating said juvenile court ward. (Ord. 6753 § 6 (part), 1955: Ord. 4099 Art. 3 § 66.5, 1942.)

MEMORANDUM OF UNDERSTANDING

BETWEEN

COUNTY OF SANTA CLARA

AND

DEPUTY SHERIFFS' ASSOCIATION, INC.

OF SANTA CLARA COUNTY

September 10, 2007 through September 5, 2010

6678

5. There are sufficient funds available in the fund.

c) Disapproval

Management may disapprove an application for tuition reimbursement provided:

1. Notice of disapproval is given to the employee within ten (10) working days after receipt of the application.

2. The County alleges disapproval is necessary because any of the provisions above have not been met.

d) Reimbursement

Total reimbursement for each employee participating in the program will not exceed nine hundred dollars ($900.00) each contract year during the term of this agreement. Mileage and subsistence will not be authorized unless the training is required of the employee. Within the above limit, employees shall receive full immediate reimbursement for tuition and other required costs (including textbooks) upon presentation of a receipt showing such payment has been made.

e) Deduction Authorization

The employee shall sign a note which states that, upon receipt of reimbursement, he/she authorizes:

1. Deduction from his/her wages in the event he/she does not receive a passing grade of C or better,

2. Deduction of fifty percent (50%) of the amount of reimbursement if he/she leaves County employment within one (1) year after satisfactory completion of the course.

3. Deduction of the full amount of reimbursement if he/she leaves County employment before completion of the course.

SECTION 19 - VEHICLE ASSIGNMENTS/SALARIED EMPLOYEES

The County shall assign vehicles to Sheriff's Lieutenants for official duties and for use while in an on-call status. Sheriff's Lieutenants are considered salaried employees. Their positions are of an executive or administrative nature, and therefore exempt from overtime recognition, either cash or compensatory time off.

SECTION 20 - ISSUANCE OF GENERAL ORDERS

All employees shall have access to a copy of General Orders or Regulations applicable to their assigned Division in an electronic format. Hard copies will be distributed to the appropriate Division and will remain Sheriff's Office property.

SECTION 21 - LAYOFF

a) Seniority Defined

For the purposes of this section, "seniority" shall be defined as days of paid, accrued service in a coded position, within rank (Deputy Sheriff I (U62) and Deputy Sheriff shall

Section 6. Non-Residents Commuting in County Vehicles

- **Existing Santa Clara County policy specifically prohibits assignment of County vehicles to persons residing outside of the County. This provision is not enforced; further, it is in conflict with the internal policies of at least two departments. As of January 2009 there were at least 32 employees with addresses outside the County – who regularly commute as much as 287 miles round trip – with "take-home" authorization for their assigned vehicles. This represents approximately 23.7 percent of all "take-home" assignments. The average round-trip distance between central San Jose and out-of-County commuters' homes is approximately 101 miles, and round trips for 15 personnel exceed 80 miles.**

- **The failure to enforce the residency requirement enables some employees to make lengthy commutes in County vehicles. These commutes increase County costs for fuel and vehicle maintenance, reduce accountability for County vehicle use, and provide the average non-resident commuter with at least $213 a month worth of fuel.**

- **The Board of Supervisors should direct the Administration to prepare a comprehensive vehicle-use policy for Board approval that limits out-of-county commuting in county vehicles, with exceptions as may be appropriate. The policy should require the County Executive and Fleet Services to provide the Board with an annual listing of commute vehicles and their associated residential zip codes.**

- **Implementation of this recommendation would save at least $89,000 annually in fuel costs alone, reduce wear and thus maintenance costs for affected vehicles, improve accountability for fleet resources and ensure that no employees receive material amounts of additional compensation as a consequence of their residential distance from work.**

Take-Home Vehicles

Authorization to take County vehicles home is made by the County Executive's Office. The most recent authorization of "take-home" vehicle use prior to issuance of this audit was in October, 2008, and includes 144 employees. Approximate commute distances could be determined for 139 of these staff, based on County payroll record data as of January 23, 2009. One employee with take-home authorization lives in Los Angeles. It appears that the authorization ended in November, 2008; based on mileage records, fuel records and staff accounts, the employee appears never to have used the vehicle for trips to and from Los Angeles. Therefore, this authorization has been excluded from the analyses presented in this section. However, it is worth noting that the County did authorize take-home use of a County vehicle for an employee who lives approximately 344 miles from her office.

Excluding the Los Angeles resident, if each of the remaining 138 employees drove their assigned County vehicle from home to work and back on a single day, the collective mileage on those vehicles would increase by approximately 5,972 miles that day. That amount is the equivalent of 76 percent of the miles accumulated over the course of a year by an average County vehicle. Approximately 17 employees' commute authorizations are on a rotational basis, depending on specific assignments, rather than full-time. Excepting the Los Angeles resident, and adjusting for the staff with occasional authorizations, commuters increase the annual mileage on the fleet by an estimated 1,112,183 miles, consume an additional 44,487 gallons of fuel, and increase the County's fuel bill by an estimated $117,446 per year. A small portion of this cost is offset by grant funds, a portion of the costs are non-General Fund.

To put the use in perspective, the estimated annual commute miles are the equivalent of the total annual usage of about 142 average-mileage County vehicles.

Value and Taxability of Free Commuting as a Fringe Benefit

Providing employees with free use of County vehicles for commuting effectively increases the compensation of these individuals. The value of this use varies according to the value of the vehicle, the number of commute miles driven, and the tax bracket of the individual receiving the tax-free use.

According to County's Controller-Treasurer Department, Internal Revenue Service regulations require employers to tax as personal use an employer-provided vehicle in some instances, including when the vehicles are used for commuting. For County employees who pay tax on this benefit, the typical annual taxable value ranges between $600 and $750, according to the Payroll Division. However, each department must have a written policy that limits personal use of the employer-owned vehicle to commuting. If there is no policy in place, then the entire use of the vehicle is deemed taxable and the taxable value is calculated as a lease value of the vehicle. Each year, Payroll requests information from Fleet Management regarding commuting use of vehicles. Payroll contacts each department to confirm that there is a written policy limiting personal use to commuting. Then Payroll contacts each individual with a take-home vehicle who is not exempt to determine the extent of commuting use and converts this use, pursuant to IRS regulations, into taxable income and includes it as reported taxable compensation on the employees' W-2 forms. IRS defined "control" employees with County owned vehicles are not eligible for the $3.00 per round trip valuation, but are taxed at the lease value of the vehicle. Some commuting use is exempt from taxation. These qualified non-personal use vehicles are strictly defined by the IRS. A memo describing the tax implications is provided as Attachment 6.1.

Non-Resident Commuters

Existing County Ordinance, a copy of which is provided as Attachment 6.2, states that "No person residing outside of the County of Santa Clara may be assigned a County vehicle." This provision is included in executive salary ordinance. As of October 2008, there were approximately 144 persons with assigned vehicles and commute authorization. Of these, auditors were able to determine the approximate distance between San Jose and the employees' homes for 139 persons. Of these 139 staff, one moved in December 2007 from Modesto to San Jose, according to his department, and no longer commutes to and from Modesto. The other five persons have since retired or their residential locations could not be determined.

Although most of these 139 commuting employees live within the County – and 47 percent within San Jose – as of October 2008, at least 32 non-resident employees were authorized to commute to and from work in County vehicles on at least a periodic basis. Although these commutes are authorized by the County Executive's office, they appear to violate the aforementioned ordinance. Nineteen of these personnel are employees of the Sheriff's Office, which has an internal policy, General Order 13.06 (provided as Attachment 6.3), that permits out-of-County commutes, so long as the employee's residence is within 65 miles of the department's headquarters at 55 W. Younger Avenue in San Jose, or is authorized by a division Commander. Seventeen of the 19 reside within 65 miles of headquarters; two others do not. Of these, at least one has an authorized exception, due to the employee's primary assignment being in the department's South County substation, nearer the employee's residence. The other employee lives approximately 77 miles from central San Jose.

Overall, roundtrip, out-of-County authorized commute distances range from a low of 29 miles to Fremont to a high of 287 miles to Fresno. These distances are identified in Table 6.1 on the following page.

Table 6.1

Round-Trip Distances Between Non-Resident Authorized Commuters' Home Zip Codes and Central San Jose

Authorized Non-Resident Commuter	City of Residence	Residential Zip Code	Estimated Round-Trip Commute Mileage
1	Fremont	94539	29
2	Union City	94587	45
3	Pleasanton	94588	52
4	Pleasanton	94566	53
5	Pleasanton	94566	53
6	Hayward	94545	53
7	Pleasanton	94566	53
8	Redwood City	94061	53
9	Livermore	94550	61
10	Santa Cruz	95060	67
11	Santa Cruz	95060	67
12	Felton	95018	70
13	Santa Cruz	95062	70
14	Livermore	94551	77
15	Aptos	95003	78
16	Oakland	94610	83
17	San Juan Bautista	95045	88
18	El Granada	94018	88
19	Watsonville	95076	94
20	Watsonville	95076	94
21	Hollister	95023	97
22	Hollister	95023	97
23	Montara	94037	97
24	Hollister	95023	97
25	Tracy	95376	114
26	Tracy	95377	114
27	Ripon	95366	154
28	Modesto	95358	161
29	Gustine	95322	162
30	Modesto	95356	166
31	Madera	93636	282
32	Fresno	93722	287

Source: Santa Clara County payroll and vehicle authorization records and Mapquest.com

Note that employees 2, 21 and 28, have been authorized in writing by their department to use their assigned County vehicles for personal use without geographic restrictions. Upon receipt of a draft report of this audit, the Department indicated that such use was not the intent of the policy, and that the policy is being revised. The policy in effect at the time the audit was conducted is provided as Attachment 6.4.

Non-Resident Commuting Increases Costs

Out-of-county commuting increases County costs. For example, approximate daily mileage logged by one employee, who in practice is authorized to commute in County vehicles due to his law-enforcement status under the management salary ordinance, illustrates the cost effects. During the six month period ending in December 2007, the employee commuted in County vehicles to his home in Modesto, regularly making a round trip of approximately 177 miles. Of daily miles driven by the employee over that six-month period, about 36 percent fell within three miles (plus or minus) of the round-trip distance between San Jose and the employee's home in Modesto. Half of daily miles fell within nine miles (plus or minus) of this distance. This suggests that a significant amount of the employee's use of County vehicles was devoted to commuting to and from work. According to the Department of Correction (DOC), which had a policy in place, that as of the issuance of the draft of this audit, authorized him and some other staff, through Policy 1.55, to use his assigned vehicle for personal use, he moved from Modesto to San Jose in December 2007. According to DOC, that policy was being revised as of May 2009. (Unlike the Sheriff's Office policy, which permits personal use of County vehicles for selected staff but places geographic limits on that use, the DOC policy does not limit use.) Depending on the vehicle used and the cost of fuel, the gasoline expense alone for that employee's commutes ranged between $14 and $28 per work day. (Unlike County business travelers, whose meals and tips and other expenses are subject to specific limits set by the travel policy, no policy specifically governs commuting; therefore commuting employees may travel unlimited distances and consume unlimited amounts of fuel.) Assuming that employee used seven gallons of fuel a day for 210 commute days, at a cost of $2.64 per gallon[1], the County paid almost $324 a month for the fuel alone, not including the cost of provision of the vehicle itself or maintenance costs for the employee's annual commutes. This effective compensation approached the $500 vehicle allowances provided to the County's executive managers, such as the Assistant County Executive, under the management salary ordinance, as discussed in detail in Section 5. Using conservative assumptions, out-of-county commuting employees consume at least $213 worth of fuel each month on average currently. It should be noted that County bulk fuel prices have increased by large percentages in each of the last several years (averaging 18.3 percent over the last three fiscal years), and that the federal Energy Information Administration – a division of the U.S. Department of Energy – projects substantial increase in oil prices through at least 2030 in its *Annual Energy Outlook 2009.*[2] (Please refer to the Introduction section of this report for more information on the recent history of County fuel costs.) It is reasonable to assume, therefore, that unless there are dramatic improvements in the fuel efficiency of commute vehicles, the choice to permit non-resident commuting will be an ever-increasing expense.

[1] This is the actual three-year average amount paid by the County for regular gasoline from FY 2005-06 through FY 2007-08.

[2] Available online at: http://www.eia.doe.gov/oiaf/aeo/index.html

CONCLUSION

The assignment of vehicles to at least 32 employees who live in other counties with authorization to commute to and from work appears to violate the County policy prohibiting assignment of vehicles to non-County residents. These employees' use of the fleet increases its annual mileage by an estimated 699,000 miles – equivalent to around five percent of the total annual miles of the entire fleet – or about 83 average-use vehicles. This use increases County costs by at least $89,000 a year, just for fuel.

RECOMMENDATIONS

The Board of Supervisors should:

6.1 Direct the Administration to prepare for Board adoption a comprehensive vehicle-use policy that limits out-of-county commuting in County vehicles, or requires employees to reimburse the County for at least a portion of associated costs, with exceptions as may be appropriate. The policy should require the County Executive and Fleet Management to provide the Board with an annual listing of commute vehicles and their associated residential zip codes. In addition, the Board of Supervisors should amend Ordinance NS-20.09 if it wishes to permit assignment of County vehicles to employees residing out of the County. (Priority 1)

SAVINGS, BENEFITS AND COSTS

Limiting out-of-County commuting in County vehicles would reduce mileage on the fleet and reduce fuel and maintenance costs by more than $89,000 a year, based on commuters as of October, 2008. It would also improve the accountability for the fleet, as fewer County vehicles would regularly be in distant locations. It would limit the inequity of effective provision of additional employee compensation in the form of fuel and vehicle use based on distance from work.

Attachment 6.1

County of Santa Clara
Finance Agency
Controller–Treasurer Department

County Government Center
70 West Hedding Street, East Wing, 2nd Floor
San Jose, California 95110-1705
(408) 299-5200 FAX: (408) 289-8629

M E M O

Date: January 2, 2009

To: Administrative Services Managers and Officers
Department Fiscal Officers and Employee Service Center Personnel

From: Irene Lui, Disbursements Division Manager

Re: Personal Use of County assigned vehicles – a Taxable Fringe Benefit

In December 2008, the Controller-Treasurer Department contacted all employees who had been assigned a County-owned vehicle to use for (among other things) commuting between home and work and requested information about the total personal use miles driven. This is required by the Internal Revenue Service which has determined, with some exceptions, that personal use of an employer-owned vehicle is a taxable fringe benefit and that commuting is personal use. Employees whose personal use is excludable under IRS *Reg 1.274-5T(k); Reg. 1.132-5(h)* are not covered in this memo.

With this notice we hope to clarify the annual procedure for collecting this data, how it is used, and both employee and department roles and responsibilities in this process. We wanted to communicate this information early in the new calendar year so here are no surprises at year end. Please feel free to share this memo with employees in your department who are assigned County-owned vehicles for personal use.

Employer Vehicles Used for Both Business and Personal Use
Substantiation Requirements for each employee who uses a County owned vehicle for personal use

Separate records of business and personal (including commute) mileage are required from everyone who drives an employer-owned vehicle. If records are not provided by the employee, the value of all use of the vehicle is wages to the employee (*IRC Reg 1.132-5(b)*)

Board of Supervisors: Donald F. Gage, Blanca Alvarado, Dave Cortese, Ken Yeager, Liz Kniss
Acting County Executive: Gary A. Graves

Examples of taxable personal use:

1) Commuting between residence and work station, vacation use, week-end use, use by spouse of dependents.
2) Employee returns to an office on the week-end or after hours. This is personal commuting, regardless of whether it is required by the employer.

Determination of the Valuation Rule Used to Calculate the Taxable Benefit
<u>Department Policy (or lack thereof) may determine which Valuation Rule is used</u>

The IRS has several valuation rules to use in determining the taxable benefit of personal use and each has corresponding criteria that must be met. One criterion is the status of the employee assigned a vehicle; another is a department's written policy governing vehicle use.

1. **Auto Lease Valuation Rule.** The FMV of the vehicle on the first day it is made available is determined from data obtained by Fleet and Facilities; using an IRS table, an annual lease value is calculated. If fuel is provided, $.055 for all miles driven (subject to change by the IRS) is added to the table lease value. The percentage of personal use miles to total miles is applied to the annual lease value and this is added to an employee's W2 taxable wages. This valuation rule is used for all elected officials and control employees. It is also used for employees who do not meet the requirements of the Commuting Valuation Rule.
2. **Commuting Valuation Rule.** Personal use for commuting can be valued at $1.50 each way ($3.00 round trip) if the following conditions are met:
   a. The vehicle is provided for business use;
   b. The department requires the employee to commute in the vehicle for a valid business use;
   c. The department has a written policy prohibiting personal use other than commuting;
   d. The employee does not use the vehicle for other than de minimis personal use and the department has a way to enforce their policy.

If there is no written department policy on limiting personal use to commuting then the **Auto Lease Valuation Rule** will be applied to determine the taxable value of personal use. If an employee is unable to substantiate their personal use (or does not respond to our annual request) then the entire annual lease value (all use) will be considered taxable and the employee may then deduct any substantiated business use on their Form 1040.

Finance Agency Procedures at Calendar Year-End

Annual Request to Department Administrative Services (new)

Each year in November, the Disbursements Division Manager will send a request to confirm that a written department policy is in effect limiting the personal use of County-owned vehicles to commuting for all or some of the employees who have been assigned a County-owned vehicle for both business and personal use. If there is no written policy then the Lease Valuation Rule will be used to determine taxable value of personal use. If certain employees are excluded from the policy, the Lease Valuation Rule will be used for those excluded from the policy.

Annual Request to Employees

Every December, after information is received from Fleet and Facilities as to who has been assigned a County-owned vehicle for commuting, the Disbursements Division Manager sends a request, in the form of a questionnaire, for total personal miles driven and/or the total number of round-trip commutes during a twelve month period that runs from November 1 through October 31st. Central Payroll will value the taxable value of personal use using one of the two valuation methods above.

If the information from the employee is returned in time, the taxable value of the personal use will be included on the last paycheck of the calendar year; if not, the value will be included as taxable wages on the employee's W2.

The IRS regulations are described in detail in the IRS Taxable Fringe Benefit Guide for Federal, State and Local Governments.

If you have any questions, please do not hesitate to contact Margaret Torrey at 299-5263.

ORDINANCE NO. NS-20.09

AN ORDINANCE RELATING TO THE COMPENSATION OF PERSONS IN MANAGEMENT POSITIONS OF THE COUNTY OF SANTA CLARA UNREPRESENTED BY RECOGNIZED EMPLOYEE ORGANIZATIONS

SUMMARY

Ordinance NS-20.09 provides for the compensation of persons in management positions of the County of Santa Clara, unrepresented by recognized employee organizations, and includes members of the Board of Supervisors, the Assessor, the District Attorney, and the Sheriff. The Board of Supervisors of the County of Santa Clara, State of California, does ordain as follows:

SECTION 1. PURPOSE

This ordinance establishes the compensation of those salaried management positions (referred to herein as "management positions") of the County of Santa Clara denied representation by any recognized employee organization under the provisions of the County of Santa Clara Ordinance Code. Management positions are those employment positions set forth in Exhibit A, attached hereto. Management positions also include members of the Board of Supervisors, Class Code A01; Physician-VMC, Class Code P41; Dentist, Class Code Q98 and Assistant Public Health Officer, Class Code P04. To the extent that the provisions of this Ordinance are inconsistent with any other County ordinances, the provisions herein shall govern. Persons in management positions (referred to herein as "employees") perform their duties and responsibilities regardless of the hours required to accomplish such duties and responsibilities; and, therefore, the various premium pay and leave provisions applicable to other County employees, such as cash overtime, compensatory time off, night shift differential, holiday pay, on-call pay, work-out-of-class pay, voluntary reduced work hours, personal leave days, birthday leave days, and career incentive pay are inapplicable. Employees in management positions who work in extra help assignments are not entitled to additional pay. Section 4 herein is inapplicable to a person serving as an appointee in an acting management position, unless such person occupied another management position immediately prior to service in the acting position.

Support Services) and designated in the Ordinance by a double-asterisk (**) shall use a personal vehicle for County use and shall be paid a flat rate vehicle allowance of six hundred dollars ($600.00) per month, or may be assigned a County vehicle.

Management employees receiving the vehicle allowance shall not be eligible to claim mileage reimbursement for any miles traveled within the County of Santa Clara. No person residing outside of the County of Santa Clara may be assigned a County vehicle. Further, no person in a management position assigned a County vehicle can claim mileage reimbursement.

Persons occupying law enforcement and law enforcement related positions as of December 16, 1996, and persons appointed to such positions after December 16, 1996, if the position, as of December 16, 1996, was assigned public safety equipped County vehicles, shall continue to be assigned County vehicles notwithstanding other provisions of this Ordinance.

SECTION 7. PUBLIC EMPLOYEES' RETIREMENT LAW

The County of Santa Clara shall contribute toward the employee's share of the contribution rate imposed by the Public Employees' Retirement Law ("PERL"; Government Code Section 20000 et seq.) 7% of compensation for all local miscellaneous member employees (other than safety members), and 9% for safety member employees.

In accordance with § 20636, sub section (c) (4) of the California Public Employees' Retirement Law, the full monetary value of normal contributions paid to PERS by the County on behalf of the unrepresented employees, shall be treated as special compensation effective for Safety members on and after September 17, 2001 and

TAKE-HOME VEHICLES

GENERAL ORDER #13.06

Adopted: 8/26/02
Replaces: New Order Reviewed: 04/01/2008

****

POLICY

In order to ensure a timely response to emergency events, certain assignments will be designated as 'on-call', and assigned personnel may be authorized a 'take-home' vehicle, with designated restrictions or limitations imposed on the use of said vehicle.

PROCEDURE

Take-home vehicles are provided to specific on-call job assignments within the department to allow a timely response to an emergency event.

LEGAL REQUIREMENTS

A. All persons assigned a take-home vehicle shall obey all laws of the State of California, as well as all policies and procedures of Santa Clara County and the Sheriff's Office, as they relate to the operation of motor vehicles.

RESPONSE TIME REQUIREMENTS

A. All persons assigned a take-home vehicle will respond to an event, when requested, in a timely manner.

B. Requirements of Use:
   1. To ensure a timely response to an emergency event, the vehicle may be used by the assignee at any time, unless otherwise outlined in this order.

2. The assignee will monitor the Sheriff's Office radio at any time the vehicle is being used.

3. The assignee shall, while using the vehicle, have in their immediate possession or within the vehicle, all equipment and attire required to perform his or her duties in a professional manner (including badge, gun, appropriate clothing, etc...)

4. The assignee must have both a valid California driver's license and a current County driver's permit in his/her possession while driving the vehicle.

PASSENGERS

A. Passengers allowed to travel in a take-home vehicle shall fall within at least one of the following three (3) categories:
   1. County Employee

   2. Persons as necessary during the normal course of work duties

   3. 'Immediate family', as defined in the Memorandum of Understanding

GEOGRAPHIC RESTRICTIONS

A. The department recognizes the fact that some persons assigned a take-home vehicle may not live within Santa Clara County. All take-home vehicles are restricted to a distance within 65 driving miles of the Sheriff's Office Headquarters building, located at 55 W. Younger Ave., San Jose. Travel using a take-home vehicle beyond 65 driving miles of 55 W. Younger Ave, San Jose requires the approval of a division commander.

NOTABLE USE RESTRICTIONS

A. The following use restrictions will be followed at all times.

   1. No animals, other than those owned by the department, may be transported.

   2. No smoking is permitted by any occupant in any county vehicle

   3. No modifications shall be performed to any vehicle without the written approval of the department's fleet manager (this includes bumper stickers, license plate frames, parking stickers, window tinting, and any other modifications).

PERIODS OF NON-USE

A. During any leave in excess of one workweek, or when directed by the assignee's division commander, it is required that the vehicle be left at the employee's primary work site.

MARKED PATROL VEHICLES

A. Any marked patrol vehicle authorized as a take-home vehicle shall be limited to travel within Santa Clara County and shall be used for direct commute from a primary residence to a primary work site.

Laurie Smith

LAURIE SMITH
SHERIFF

COUNTY OF SANTA CLARA

Department of Correction Policy and Procedure Manual	**Policy Number:** 1.55 **No. of Pages:** 9 **Date of Origin:** 31 Mar 1994 **Date of Revision:** 02 Feb 2004
Chapter: Administration, Organization and Management	**Subject:** County Vehicles – Use and Control
Supersedes: Policy 9.15, Use of County Vehicles rev. 03/11/98	**Distribution:** Unrestricted
References: Santa Clara County policies 213, 430, and 432; County Executive Management Salary Ordinances; Related Memorandum of Understandings; California Vehicle Code	
Signature of Issuing Authority James W. Babcock, Chief of Correction	**Current Policy Review** **Date of Review:** 02 Feb 2004 **Revisions Made:** ☒ Yes ☐ No

POLICY: It is the policy of the Department of Correction to procure, assign, and operate County owned or leased vehicles in accordance with County policy and applicable laws.

PURPOSE: To establish guidelines for the assignment and operation of County vehicles.

DEFINITIONS: County Vehicle: Any vehicle owned or leased by the County of Santa Clara or any vehicle operated by a County employee during the course of that employee's work related duties.

PROCEDURE:

I. County Vehicle Driver Licensing Requirements

A. Department staff operating a County vehicle or their personal vehicle while on county business must possess a valid California driver's license and a valid County driver's permit.

B. The Department's Personnel Unit issues and controls County driver's permits as part of the County's SAFE Driving Program.

1. Staff requesting an initial County driver's permit must complete the County's four-hour SAFE Driving Program Course.

2. Once the County SAFE Driving Program Course is completed, staff will complete all the appropriate Department of Motor Vehicle clearance paperwork through the Personnel Unit.

3. Once clearance from the Department of Motor Vehicles is received by the Personnel Unit, the County driver's permit will be issued.

4. Permits must be signed by the Chief and shall be effective for a period of three years from the date of completion of the SAFE Driver's Course.

   a. Permits may be renewed by completing either a two-hour SAFE Driving Program Course through the Department's Central Training Unit/Personnel Unit or a four-hour SAFE Driving Program Course through GSA.

   b. If a County driver's permit is over ninety days expired, the four hour GSA course must be completed to renew the permit.

5. Staff are responsible for maintaining a valid California driver's license and County driver's permit.

C. Staff operating transportation buses must maintain a valid Class B California driver license.

1. The Sheriff's Transportation Division manages training and compliance for staff authorized to operate buses.

2. Staff operating buses will do so in accordance with their training and applicable laws.

D. Staff no longer employed with the Department must return their County driver's permit to the Department Personnel Unit. The Personnel Unit will notify G.S.A. Insurance and the Department of Motor Vehicles that the employee is no longer employed with the Department.

II. Vehicle Assignments

A. The County's Fleet Management Division will be responsible for the procurement and issue of County vehicles. Once vehicles are issued to the Department, they will not be exchanged with other County Departments without the approval of Fleet Management staff.

B. Executive Managers, as designated by the Executive Management Salary Ordinance, and Lieutenants, as contractually authorized, will be issued a County vehicle.

C. Staff who are on-call and required to respond immediately to emergencies or to other exigent situations may be contractually issued a County vehicle. Authorization for the issue of a vehicle for on-call staff will be made by the Chief or Assistant Chief.

D. The assignment of County vehicles for authorized Department staff will be determined by the Chief with consideration given to such factors as rank, position and seniority.

E. A designated number of pool vehicles will be issued to the Department through the Fleet Management Division. The assignment of Department pool vehicles to individual Divisions or Units will be made by the Chief.

F. The Department will be assigned a designated number of inmate transportation vehicles through Fleet Management and the Sheriff's Transportation Division. Transportation vehicles will be controlled by the Sheriff's Transportation Division.

III. Use of County Vehicles

A. County vehicles will only be used for official business. County regulations prohibit passengers, except in the course or performance of county business.

Note: This does not apply for those staff members who have been issued or assigned a County vehicle for personal use or permanent on-call assignments.

B. Staff assigned to temporary on-call assignments are not permitted to use vehicles for personal use, except during those periods of on-call assignment when the nature of the assignment creates a high probability of an immediate response to a call. Any such personal use during this time is exempt from the passenger prohibition. Temporary on-call assignments may be authorized by the Chief or Assistant Chief.

C. Staff operating County vehicles will do so in accordance with local, state and federal laws and regulations.

1. Operators of County vehicles will be responsible for their own parking tickets and traffic citations that are issued as a result of operating a County vehicle.

2. In accordance with State law, seat belts will be worn by all occupants of a County vehicle while it is in operation.

   Note: The use of seat belts does not apply to persons riding in the passenger compartments of Department utilized transportation buses or vans.

3. In accordance with State law, children under the age of six years or under sixty pounds will be properly fastened in an appropriately secured child safety seat when riding in a County vehicle.

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Section 7. Intra-County Lease of Roads Dept. Maintenance Facilities

- On January 9, 1996, the Board of Supervisors implemented a reorganization of vehicle maintenance within the County, by approving an Interdepartmental Service Agreement between what is now the Facilities and Fleet Department (FAF) and the Roads and Airports Department (R&A). This agreement transferred 33 vehicle maintenance positions from the Roads and Airports Department to the Facilities and Fleet Department, and provided use of existing Roads and Airports vehicle maintenance facilities by Facilities and Fleet, without cost except for a surcharge on non-Roads and Airports vehicles.

- Despite the 1996 agreement, in FY 2004-05, the Roads and Airports Department began charging the Facilities and Fleet Department market rate rent for use of its facilities, claiming this charge was required under Streets and Highways Code Section 2150 and State Controller policies. After conferring with County Counsel, Management Audit staff disagree that this code section, or any other legal basis requires a market-rate rental charge. This charge was also never approved by the Board of Supervisors, was not agreed to by the Facilities and Fleet Department, and was not addressed through an amendment to the 1996 agreement, or any other legal agreement.

- As a result, the Facilities and Fleet Internal Services Fund (ISF) has paid $2,545,000 to the Roads and Airports Department, thereby increasing its costs to its customers, most of whom are financed by the General Fund. Further, because State and federal cost accounting requirements prohibit such lease charges in less-than-arm's-length transactions within government agencies, Facilities and Fleet has over-charged the Social Services Agency and numerous other State and federally funded programs since FY 2004-05. In response, Roads and Airports asserts that it has not received all of the revenue to which it is entitled pursuant to the Interdepartmental Services Agreement, and has been overcharged by Facilities and Fleet for the maintenance services it has received.

- It is recommended that the Facilities and Fleet Department discontinue all rent payments to the Road Fund, and refund the net OMB A-87 unallowable market-rate rent charges collected from its customers during the past five fiscal years through its own vehicle rental rate charges. Further, the County Executive should prepare an appropriation modification transferring approximately $2,545,000 (less certain adjustments as described in this section) from the Road Fund to the Facilities and Fleet ISF, and assign the Finance Agency-Internal Audit Division to reconcile actual charges and revenues for the period FY 1995-96 through FY 2003-04, as required by the Interdepartmental Service Agreement.

Background

In FY 1995-96, the County Executive evaluated the County's vehicle maintenance organization and staffing and determined that it would be more efficient to consolidate the General Services Agency Fleet Management Division and the Roads and Airports Fleet Maintenance Division. This conclusion was confirmed by a separate consultant study, and was approved by the Board of Supervisors on October 3, 1995.

On January 9, 1996, the Board of Supervisors approved an Interdepartmental Service Agreement between the General Services Agency (GSA) and the Roads and Airports Department, which specified the conditions under which the GSA Fleet Management Division would provide vehicle maintenance services from County owned facilities, including vehicle maintenance facilities formerly used by the Roads and Airports Fleet Maintenance Division. In addition, the Board amended the Annual Salary Ordinance by deleting 33 positions from Budget Unit 603 Roads Department, and adding 33 positions to Budget Unit 135-GSA Intergovernmental Services Department.

Interdepartmental Service Agreement

Since FY 1995-96, the Facilities and Fleet Department (FAF) (formerly the General Services Agency) has provided vehicle maintenance and repair services for County vehicles on the Roads and Airports East, South and West yards, pursuant to the Interdepartmental Service Agreement approved by the Board of Supervisors. Sections IV, VIII.C and VIII.D of the 1996 Interdepartmental Service Agreement specify that:

> Section IV:
> "GSA will purchase from Roads and Airports Fleet maintenance vehicles (shop trucks), shop equipment, tools and office equipment (including computer, terminals, printers) at fair market value or as agreed to by both parties, provided this provision is consistent with Auditor and Controller guidelines."
>
> Section VIII. C:
> "Roads and Airports shall permit operational use of the Roads and Airports facilities by GSA personnel in order to maintain and repair vehicles, including operational use of vehicle maintenance buildings, parts storage areas, adjacent parking, and storage areas, as further identified on Attachment B.
>
> Section VIII. D:
> "Both parties understand and agree that GSA may decide to maintain and repair non-Roads and Airports vehicles at Roads and Airports vehicle maintenance facilities...Non-Roads customers will be charged a surcharge for the cost of the use of the Roads and Airports owned facilities. GSA is responsible for the collection of the surcharge and for the credit of same to Road Fund."

The Interdepartmental Services Agreement did not specify how the amount of the facilities use surcharge for non-Roads and Airports customers would be determined, nor did it authorize any additional charges to Facilities and Fleet for use of the Roads and Airports properties.

Roads Initiation of Market-rate Rent Charge to FAF

Facilities and Fleet staff report that the fuel surcharge on non-Roads and Airports vehicles was implemented and is credited to the Road Fund as specified in Section VII.A of the Interdepartmental Services Agreement. The amount of the fuel surcharge paid to the Road Fund as a result of fuel provided to non-roads vehicles is estimated to average about $20,000 annually. However, rather than implementing the language in the 1996 Interdepartmental Service Agreement, which also mandated a facilities use surcharge to GSA for each non-Roads vehicle repaired or maintained by GSA, staff reported that some fixed annual payments were made from Facilities and Fleet to the Road Fund, in lieu of the facilities use surcharge specified in Section VIII.D. The amount of the fixed annual facilities use charges paid by the Facilities and Fleet ISF to Roads and Airports between FY 1995-96 and FY 2003-04 is unknown.

However, in July 2003, Roads and Airports engaged a real estate consultant to determine the fair market rental value for each of the Roads and Airports maintenance facilities used by GSA. The consultant report estimated the fair market annual rental cost to be as follows:

Table 7.1

Market Rent Study
GSA-Occupied Roads and Airports Maintenance Yards

Location	Annual Rent
• East Yard	$252,000
• South Yard	171,600
• West Yard	163,200
Total	**$586,800**

Consequently, beginning FY 2004-05, the Roads and Airports Department levied annual facility rental charges on the Facilities and Fleet Department in lieu of the facilities use surcharges authorized by the 1996 Interdepartmental Service Agreement. Unlike the facility use charges authorized by the Board-approved 1996 Interdepartmental Services Agreement, the FY 2004-05 facilities market-rate rental charges were never authorized or approved by the Board of Supervisors. Further, to the extent that Roads and Airports charges Facilities and Fleet rent to go on to Roads and Airports property for purposes of maintaining Roads and Airports vehicles, such charges are equivalent to charging Roads and Airports employees rent for occupying space in Roads and Airports buildings when they come to work.

Between FY 2004-05 and FY 2008-09, actual facility market-rate rental charges paid by the Facilities and Fleet ISF fund to the Road Fund were as shown in Table 7.2 below.

Table 7.2

Market-rate Facilities Rental Charges
Paid by Facilities and Fleet for Use of Roads and Airports Maintenance Yards

Location	Annual Rent
FY 2004-05	$329,000
FY 2005-06	458,000
FY 2006-07	586,000
FY 2007-08	586,000
FY 2008-09	586,000
Total	**$2,545,000**

Applicability of Federal OMB A-87 Requirements for Internal Service Funds

As a result of the imposition of the unauthorized facility use market-rate rental charges from FY 2004-05 through FY 2008-09, the Fleet Management ISF paid the Road Fund $2,545,000. These facility rental charges were then passed along to all of the Fleet Management customers, mainly General Fund and General Fund supported departments. In addition to such charges not being authorized by the Board of Supervisors, the charges violate State and Federal cost accounting guidelines, pursuant to federal Office of Management and Budget OMB Circular A-87, found in Title 2 in the Code of Federal Regulations[1]. Title 2 of the Code of Federal Regulations, Part 225, Appendix B, Section 37c prohibits most property rental costs, including the cost of land, under less-than-arm's-length leases. Such leases include, but are not limited to, those between divisions of a governmental unit, and governmental units under common control through common officers, directors or members. The only property rental costs which this section specifically allows are:

- *Depreciation,* or *use allowance.* With the exception of the South County facility, most of the improvements pertaining to vehicle maintenance are older structures that are substantially if not fully depreciated, and *use allowance* is generally limited to 2.0 percent of the original cost of the structure, and specifically excludes the cost of land;

- *Taxes,* which the County does not pay;

- *Insurance,* which is a cost that Roads and Airports does incur, but which would be a very minor cost for the small portion of the properties used by Facilities and Fleet; and,

- *Maintenance,* which would also be a nominal cost, since the structures occupied by Facilities and Fleet to perform vehicle maintenance are old

[1] OMB A-87 was previously issued as early as December 1976 under the authority of the Budget and Accounting Act of 1921 as amended, the Budget and Accounting Procedures Act of 1950, as amended, and other authorities.

metal buildings with little, if any, maintenance expense. Further, to the extent that maintenance costs were incurred, Facilities and Fleet currently pays all utility (gas, water sewer, electrical, voice/data, garbage, and hazardous waste disposal) and maintenance costs.

As a result, during the past five fiscal years, FAF has overcharged State and federal programs, such as the County's Social Services Agency (SSA), which operates approximately 153 vehicles, to the extent that a portion of $2,545,000 was charged to SSA. This same principle would also apply to maintenance charges on Roads and Airports vehicles. In addition, many other State and federally funded grants involving vehicles have been overcharged. However, based on consultation with County Counsel, some consideration must be paid to the Road Fund for the non-roads use of a portion of the property and facilities that were acquired with Road Fund monies. The amount of consideration is subject to determination by the Board of Supervisors and would be satisfied by the surcharge specified in the Interdepartmental Services Agreement.

Determining Reasonable Consideration for Use of Roads Facilities

Since the maintenance and repair surcharge was not paid during the period of the Roads and Airports market-rate rent charges (FY 2004-05 to FY 2008-09), a reasonable amount of consideration should be calculated and paid to the Road Fund as compensation for use of the facilities for non-roads purposes during the FY 2004-05 to FY 2008-09 period. We believe the components of the consideration should include the cost of: (1) maintenance, (2) insurance, and (3) building use or depreciation related to the portion of the three Roads and Airports maintenance facilities occupied by Facilities and Fleet. These costs should be limited to the percentage of non-roads vehicle maintenance and repair work performed by FAF at each facility. In addition, the amount of lost investment return on the cost of the land used by FAF for non-Roads purposes should be calculated and included with the costs listed above. As an example, the 1995 cost of the 8.27 acre South County facility was $785,000. Facilities and Fleet occupies 0.62 acres or 7.497 percent of the property. The original $785,000 property cost, inflated to FY 2008-09 value is approximately $1,410,442. Applying the FY 2008-09 rate of return of the Commingled Fund of approximately 2.66 percent results in a FY 2008-09 investment return of $37,447 ($1,410,442 X .0266). Based on the Facilities and Fleet occupancy of 7.497 percent of the site and a 60 percent non-roads vehicle maintenance and repair rate, the FY 2008-09 annual compensation related to roads land use would amount to $1,684 ($37,447 X .07497 X 0.60), which is in addition to the proportionate charge for the expenses listed above.

Reimbursement of FAF and FAF Refunds to Its Customers

Once the costs and land use charges are calculated for the FY 2004-05 to FY 2008-09 period, these amounts should be deducted from the $2,545,000 reimbursement to be paid to FAF resulting from the unauthorized market-rate rent charges. Conversely however, the amount of maintenance and utility costs paid by FAF for use of the Roads and Airports maintenance facilities to maintain and repair Roads and Airports vehicles should be added to the $2,545,000 reimbursement of unauthorized market-rate rent.

To rectify the vehicle rental overcharges that occurred between FY 2004-05 and FY 2008-09 as a result of the unauthorized Roads and Airports market-rate rental charges, FAF should refund the $2,545,000 to its customers, less any adjustments for allowable charges as described above, but not less any FAF costs related to lost investment return on the cost of land, which is an unallowable cost pursuant to OMB A-87.

Reconciliation of FY 1995-96 to FY 2003-04 Charges and Revenues

The Roads and Airports Department has raised a separate issue regarding maintenance and repair charges made by Facilities and Fleet between FY 1995-96 and FY 2003-04, and the facilities use surcharge to be paid to the Road Fund for work performed by FAF on non-Roads and Airports vehicles during this same period, asserting that the charges were excessive, no facilities use surcharge revenue was provided, and the fuel surcharge revenue was understated. In order to reconcile the charges and revenues required by the Interdepartmental Services Agreement, the Internal Audit Division of the Finance Agency should be assigned to perform this reconciliation.

Therefore, the Board of Supervisors should direct the County Executive to:

- Discontinue all lease payments from the Facilities and Fleet ISF to the Road Fund.

- Prepare an appropriation modification transferring $2,545,000 (less any proportionate allowable maintenance, insurance and building use or depreciation expenses related to maintenance and repair work performed on non-Roads and Airports vehicles) from the Road Fund to the Facilities and Fleet ISF repaying the unauthorized rental charges.

- Direct Facilities and Fleet to refund the amount of the overcharge to all its users, including all State and federally funded programs.

- Assign the Internal Audit Division of the Finance Agency to perform a reconciliation of the charges and revenues required by the Interdepartmental Services Agreement between the Roads and Airports Department and the Facilities and Fleet Department during the period FY 1995-96 through FY 2003-04.

CONCLUSION

The Facilities and Fleet Department has provided vehicle maintenance and repair services since 1996 at three Roads and Airports Department maintenance yards. However, during the past five fiscal years the Facilities and Fleet Department was charged market-rate facility use rental charges by the Roads and Airports Department that were not authorized or approved by the Board of Supervisors and resulted in the Facilities and Fleet Management ISF fund violating federal OMB A-87 cost accounting requirements. As a result, Facilities and Fleet overcharged its customers approximately

$2,545,000 during this period. Therefore, all facility use payments to the Roads and Airports Department should be discontinued, and the Roads and Airports Department should refund the $2,545,000 of unauthorized charges to the Facilities and Fleet ISF (subject to adjustment for the proportionate share of allowable A-87 costs related to maintenance and repair of non-Roads and Airports vehicles), and the Facilities and Fleet ISF should refund the overcharges to its customers.

RECOMMENDATIONS

The Facilities and Fleet Department should:

7.1 Discontinue making property lease payments to the Roads and Airports Department, effective July 1, 2009. (Priority 1)

7.2 Refund to its customers approximately $2,545,000 of unallowable and unauthorized market-rate property rent charges incurred from FY 2004-05 to FY 2008-09, net of allowable costs as described in this section. (Priority 1)

The Roads and Airports Department should:

7.3 Refund to the Facilities and Fleet ISF fund approximately $2,545,000 of unauthorized market-rate property rent charges collected between FY 2004-05 and FY 2008-09, net of allowable costs as described in this section. (Priority 1)

The County Executive should:

7.4 Assign the Internal Audit Division of the Finance Agency to analyze charges and revenues between the Facilities and Fleet Department and the Roads and Airports Department for the period FY 1995-96 through FY 2003-04, and to reconcile such charges and revenues with the requirements of the Board of Supervisors approved 1996 Interdepartmental Services Agreement. (Priority 3)

SAVINGS, BENEFITS AND COSTS

The implementation of these recommendations would rectify approximately $2,545,000 of inadvertent unallowable Facilities and Fleet ISF fund overcharges to its customers (including several State and federal programs), resulting from unauthorized Roads and Airports Department market-rate property rent charges. The General Fund would receive most of the benefit from this reimbursement, since most of the FAF customers are General Fund or General Fund supported departments.

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Section 8. FAF Purchase of South County Maintenance Facility

- As a result of a 1996 consolidation of vehicle maintenance functions within the County, the Board of Supervisors merged the Roads and Airports (R&A) maintenance staff and the Facilities and Fleet (FAF) maintenance staff, with the Fleet Management Division emerging as the surviving organization. The operational logistics for the ongoing maintenance services to be provided by FAF for Roads and Airports vehicles and all other County vehicles were specified in a 1996 Interdepartmental Services Agreement approved by the Board.

- Since 1996, in accordance with the Interdepartmental Services Agreement, FAF has performed maintenance and repair of County vehicles on the R&A East, West and South Yards. Due to the pending opening of the new FAF Junction Road Maintenance Facility, only the R&A South County Yard in San Martin will continue to be used by FAF. The County purchased this site in 1995 from the Valley Transportation Authority (VTA) for $956,655, including land valued at $785,000, or $94,921 per acre. Since the site was originally planned and designed as a bus yard, the 8.27 acre VTA site is much larger than required for the current usage, and most of the acreage is unused by either department.

  In FY 2004-05, the R&A Department began charging FAF annual rent of $171,600 for its use of 0.62 acres of the South Yard maintenance facility. However, such charges were not authorized by the 1996 Interdepartmental Service Agreement and were never approved by the Board of Supervisors. Since FAF has an ongoing need for this facility, the Board of Supervisors should authorize FAF to purchase approximately one-half of the 8.27 acre site, including vehicle maintenance and fuel facilities from R&A, based on the Roads and Airports 1995 cost of the property, inflated by the annual return on investments earned by the County's Commingled Investment Pool, had the Road Fund retained its funds in cash from 1995 to date.

- The Board of Supervisors should direct the County Counsel to prepare an agreement transferring a portion of the former VTA Gladys Jackson South County Maintenance Facility (approximately 4.135 acres, including fuel facilities) from the Road Fund to the Facilities and Fleet ISF Fund. The agreement should also transfer the subject land and improvements from the Road Fund's fixed assets to the Facilities and Fleet ISF Fund fixed assets in exchange for approximately $723,945, plus the undepreciated value of vehicle maintenance and fuel facilities to be paid by the Facilities and Fleet ISF to the Road Fund. The acquisition of the South County maintenance site would result in annual savings of $171,600 for the FAF, most of which would benefit the General Fund.

In FY 1995-96, the County Executive recommended and the Board of Supervisors agreed that it would be more efficient to consolidate the General Services Agency Fleet Management Division and the Roads and Airports Fleet Maintenance Division, than to continue with duplicative vehicle maintenance operations. This conclusion was confirmed by a separate consultant study and was approved by the Board of Supervisors on October 3, 1995. As a result, the Roads and Airports Vehicle Maintenance Division was abolished and 33 positions were transferred from the Roads Department to the General Services Agency-Fleet Management Division, which was the surviving organization.

In addition, the Board of Supervisors approved an Interdepartmental Service Agreement between the General Services Agency (GSA) and the Roads and Airports Department, which specified the conditions under which the GSA Fleet Management Division would provide vehicle maintenance services from County owned facilities, including facilities formerly used by the Roads and Airports Fleet Maintenance Division for vehicle maintenance. Pursuant to the agreement, the Facilities and Fleet Department (FAF) (formerly the General Services Agency) was authorized to perform vehicle maintenance and repair services for County vehicles on the Roads and Airports East, South and West yards. Section IV of the agreement required GSA to purchase all of the maintenance equipment at the Roads and Airports maintenance facilities, and Section VIII permitted GSA to have operational use of the Roads and Airports maintenance facilities for maintenance and repair of vehicles, including non-Roads vehicles, in addition to Roads and Airports vehicles, with the requirement that non-Roads and Airports customers be charged a facilities use surcharge for the use of the Roads and Airports maintenance facilities.

However, in 2006, FAF management determined that it would be more efficient for their operations in the central, east and west areas of the County to be consolidated, rather than continue to operate from separate facilities. The County subsequently purchased a 6.84 acre centrally located site on Junction Road in San Jose and is nearing completion on construction of a new vehicle maintenance facility. The new facility includes more service bays for all types of vehicles than currently exist in all three of the FAF facilities being replaced, in addition to having service and repair specialty areas for welding, body repair, electronics and other capabilities that currently are limited or contracted out.

As a result, the only remaining Roads and Airports facility that is necessary for the County-wide operations of Fleet Management is its South County facility currently operated out of the Roads and Airports South Yard in San Martin. This site was acquired by the County in 1995 through the purchase of the Gladys Jackson South County Bus Yard from the Valley Transportation Authority. The County purchased the 8.27 acre site at a total cost of $1,028,304, which included $785,000 for land, $171,655 for improvements and $77,180 for equipment. Due to the age of the improvements at the time of the acquisition, these costs have been substantially if not fully depreciated. Although the Board of Supervisors approved a 1996 Interdepartmental Services Agreement between the Roads and Airports Department explicitly provided Facilities and Fleet operational access and use of vehicle maintenance buildings, parts storage areas, and adjacent parking and storage areas in order to maintain and repair all County vehicles, in FY 2004-05, Roads and Airports began charging FAF annual rent of $171,600 for access and use of these facilities. Annual rental charges for similar use of the Roads and Airports East and West Yards were $252,000 and $163,200 respectively. Since FY 2004-05, total rental charges for all three yards amounted to $2,545,000.

As determined by the Board of Supervisors in 1996, the Facilities and Fleet Department is the County agency with County-wide responsibility for maintenance and repair of all vehicles. In addition, Facilities and Fleet is an integral part of the County's emergency preparedness resources responsible for all emergency vehicles and the vehicular fuel supply. In this regard, the Facilities and Fleet South County maintenance facility also accommodates the County's 30,000 gallon fuel reserves. Because of the ongoing operational need for this facility, as well as its function in the even of an emergency, this facility should be an owned facility under the full control of the Department with these responsibilities, which is Facilities and Fleet. Consequently, the Board of Supervisors should authorize the Facilities and Fleet Department to purchase approximately one-half of the 8.27-acre former Gladys Jackson South County maintenance site, or a portion that includes the existing vehicle maintenance facility, adjacent fuel pumps and 30,000 gallon underground storage tanks from the Roads and Airports Department. The exact size of the parcel to be determined by the departments in consultation with the County Executive.

Although the Roads and Airports Department plans on leasing its vehicle fleet and contracting for maintenance and repair services, it has expressed a desire to retain some on-site vehicle maintenance and repair facilities to be used by its lease vendor to maintain the leased vehicles and/or by its maintenance contractor to maintain and repair its owned vehicles. If the Board of Supervisors concurs with the recommendation to permit FAF to acquire a portion of the existing South County Yard including the vehicle maintenance facility and fuel resources, the Roads and Airports Department would need to construct and equip a new vehicle maintenance building from its existing resources and proceeds from the transfer of a portion of the South County Yard to FAF. As of May 28, 2009, the Road Fund cash balance amounted to $40,924,082.

The purchase should be made from the Facilities and Fleet Internal Services Fund (ISF), and should fully reimburse the Road Fund, based on its 1995 acquisition cost of $94,921 per acre, or $392,498 for 4.135 acres, or a lesser amount if a smaller land portion is agreed upon. In addition, the Road Fund should be paid $331,447 of accumulated interest through June 30, 2009, based on the actual annual rates of return on investments by the County Treasurer's Commingled Investment Pool from 1995 to 2009. Lastly, FAF should reimburse Roads and Airports for the undepreciated value of the improvements. To implement the transaction, the Board of Supervisors should direct County Counsel to prepare an agreement for its approval, allocating a portion of the former VTA Gladys Jackson South County Maintenance Facility to the Facilities and Fleet Department, and transferring the agreed upon parcel and improvements from the County Controller's Road Fund fixed assets to Facilities and Fleet ISF fixed assets in exchange for approximately $723,945, plus the undepreciated amount of improvements to be paid by the Internal Services Fund to the Road Fund. Implementation of these recommendations would (1) remove the last operational need for the 1996 Interdepartmental Services Agreement between the Roads and Airports Department and the Facilities and Fleet Department, since Roads and Airports plans to obtain its future vehicle maintenance from private sector contractors, (2) significantly reduce

Facilities and Fleet ISF annual costs by moving from a rented to an owned facility, and (3) place full control over all emergency fuel supply resources and facilities in the responsible department.

CONCLUSION

Since FY 1995-96, the Facilities and Fleet Department has utilized a portion of the Roads and Airports Department South County Yard to maintain and repair Roads and Airports and other County vehicles, and to provide a 30,000-gallon fuel resource and emergency reserve. In FY 2004-05, the Roads and Airports Department began charging the Facilities and Fleet Department property rental charges for use of maintenance structures located on three Roads and Airports equipment maintenance and storage yards, including the South County Yard. Because of the upcoming opening of the new Facilities and Fleet Junction Road vehicle maintenance facility, of the three maintenance facilities operated from Roads and Airports properties, only the South County Facilities and Fleet maintenance facility will continue to provide important operational and emergency functions.

However, much of the 10.1 acre South County Roads and Airports Yard is unused by either department. Due to the continuing need for the South County Facilities and Fleet maintenance facility, as well as its role as an emergency resource, by acquiring approximately 4.135 acres of the Roads and Airports South County Yard, the Facilities and Fleet Department would save about $171,600 annually, all emergency fuel resources would be in full control of the Facilities and Fleet Department, and the purposes for which the 1996 Interdepartmental Services Agreement was created will have been completed.

RECOMMENDATIONS

The Board of Supervisors should:

8.1 Direct the County Counsel to prepare an agreement allocating a portion of the former VTA Gladys Jackson South County Maintenance Facility to the Facilities and Fleet Department, and transferring approximately 4.135 acres from the Road Fund's fixed assets to the Facilities and Fleet ISF fixed assets in exchange for approximately $723,945, plus the undepreciated value of the improvements to be paid by the Facilities and Fleet ISF to the Road Fund. The exact size of the parcel to be transferred to be determined by the departments in consultation with the County Executive. (Priority 1)

SAVINGS, BENEFITS AND COSTS

The implementation of this recommendation would save the Facilities and Fleet Department $171,600 annually, place most of the County's fuel resources and reserves under the control of the Facilities and Fleet Department and eliminate any future need for the 1996 Interdepartmental Services Agreement.

Section 9. Fleet Management Vehicle Maintenance and Repair Policies and Procedures

- **A 1981 management audit of the General Services Agency (GSA) Garage (now the Fleet Management Division of the Facilities and Fleet Department), reported that Garage management lacked adequate operational and cost information and comprehensive polices and procedures. Consequently, the Board of Supervisors authorized the Management Audit Division to prepare a comprehensive policy and procedure manual for the GSA Garage to ensure the Garage followed uniform and consistent practices pertaining to acquisition, use, maintenance, repair and disposition of the 1,367 vehicles for which it was responsible.**

- **However, during the intervening 27 years, the manual was not maintained and was eventually abandoned. Consequently, the Fleet Management Division of the Facilities and Fleet Department, which now operates from four separate facilities and is responsible for the maintenance and repair of about 1,786 County vehicles and several hundred vehicles belonging to the Roads and Airports Department and other government agencies, again has no maintenance and repair policy and procedure manual.**

- **The lack of formal published organizational policies and procedures prevents the organization from achieving the highest level of efficiency, effectiveness and economy in its operations. In addition, the lack of a comprehensive written policy and procedure manual reduces staff accountability, operational consistency and weakens internal controls.**

- **By developing and implementing comprehensive written policies and procedures pertaining to all aspects of the operations of the Fleet Management Division, management will be assured that all staff follow uniform and consistent maintenance, repair and administrative practices enhancing staff accountability and strengthening internal controls.**

Historically, the County's General Services Agency had County-wide responsibility for all general purpose vehicles and light duty trucks, while the Roads and Airports Department managed its own heavy duty truck and special purpose vehicle fleet. However, in FY 1995-96, the Board of Supervisors consolidated the two departments, abolishing the Roads Fleet Maintenance Division. In FY 2003-04, the Board of Supervisors again reorganized County functions, replacing the General Services Agency with the Facilities and Fleet Department.

The Facilities and Fleet Department-Fleet Management Division is responsible for the acquisition, maintenance, repair and disposition of approximately 1,786 vehicles, excluding several hundred special purpose County Roads and Airports Department vehicles. In addition, the Fleet Management Division maintains and repairs hundreds of vehicles for other government agencies on a contractual basis. The acquisition cost of the County's vehicle fleet totaled approximately $39 million, and the annual operational cost amounts to about $20.3 million.

When previously audited in 1981, the General Services Agency Garage did not have a comprehensive written policy and procedures manual, which permitted many uneconomical maintenance and repair practices to go on unquestioned. Examples include:

- More than one-half of required preventive maintenance work was not performed.
- Approximately 10 percent of the work performed by mechanics, could have been performed by less costly Automotive Attendants.
- Thirty (30) percent of the vehicles that had body work and/or were repainted, were eligible for decommissioning due to age, or mileage, or both, at the time the work was performed.
- Fourteen (14) of 33 new patrol vehicles were repainted and converted to non-patrol duties before being placed in service, resulting in additional and unnecessary acquisition and painting costs.
- Mechanics required on average 39 percent longer to complete maintenance and repair work than specified by industry standards, but mechanic productivity was not measured by Garage management, or used for productivity improvement goal setting purposes

As a result of the identification of these issues, the Board of Supervisors authorized the Management Audit Division to work with GSA garage management and staff to prepare a comprehensive policy and procedures manual. Although the manual was completed in March 1982, it was not maintained by the Department and was eventually abandoned. Consequently, despite the growth in size of the County vehicle fleet and its annual operating cost, the Fleet Management Division does not have a policy and procedures manual to ensure consistency and cost effectiveness of its maintenance and repair practices.

While some of the problems that necessitated development of written policies and procedures in the past may still exist to some extent today, some examples of current issues that prevent the Fleet Management Division from operating as efficiently as it could include:

- Fleet Management does not have detailed management information available pertaining to utilization of the 175-vehicle pool, nor does it have written procedures describing how to evaluate pool size and composition. Daily operating statistics of the number of vehicles by classification, by date, and by day of week are unknown. As a result, without being able to quantify pool vehicle demand, the size of the pool is not optimized, either in terms of the total number or mix of vehicles.
- Fleet Management does not have established criteria for the number of miles necessary to justify the purchase of a vehicle for departmental usage, nor does it

have established criteria to determine when a vehicle is no longer cost effective to operate, based on mileage, age or operational and repair cost history.

- Fleet Management does not have written policies and procedures to ensure that vehicles assigned to departments are returned on a timely basis for periodic maintenance. Specific procedures describing what actions are to be taken, by whom and when are needed when departments fail to return vehicles for scheduled maintenance.

Due to the pending closure of the FAF maintenance and repair operations at the Roads and Airports East and West Yards, as well as the Central Maintenance Facility adjacent to the County Government Center on San Pedro Street, conducting a detailed review of current procedures was not appropriate. However, the examples of both past and current issues have a place in any new manual prepared by FAF in the future.

In addition to the examples of issues to be included in a written policies and procedures manual, other areas pertain to staff accountability and internal controls designed to protect County assets. While some of polices and procedures do exist, such as the use of performance evaluations, now is the opportune time to formalize and improve existing practices. Examples include the use of performance evaluations to ensure staff productivity is consistent with expected levels, security and use of County fuel pumps, security and use of County equipment, access to County parts rooms, and withdrawal of parts from inventory. Because the Fleet Management Division is in the process of reorganizing its operations with the implementation of the new Junction Road maintenance facility, this is an opportune time to develop a new comprehensive policy and procedures manual, the benefit of which would be improved consistency of operations, more cost effective vehicle maintenance and repair and greater internal control over County assets.

CONCLUSION

The Fleet Management Division, which has County-wide responsibility for the $39 million vehicle fleet, does not have a comprehensive written policy and procedures manual to ensure operational consistency by employees at its four maintenance facilities. By developing and implementing written policies and procedures, operational efficiency, staff accountability and internal controls can be improved.

RECOMMENDATIONS

The Fleet Management Division should:

9.1 Develop and implement a comprehensive policy and procedures manual to govern all aspects of vehicle acquisition, maintenance and repair, usage and disposal, in concert with opening to the new Junction Road Maintenance Facility. (Priority 1)

SAVINGS, BENEFITS AND COSTS

The implementation of this recommendation would improve operational efficiency, staff accountability, internal control over County assets and increase County-wide vehicular cost effectiveness.

Section 10. Unpaid Parking Citations

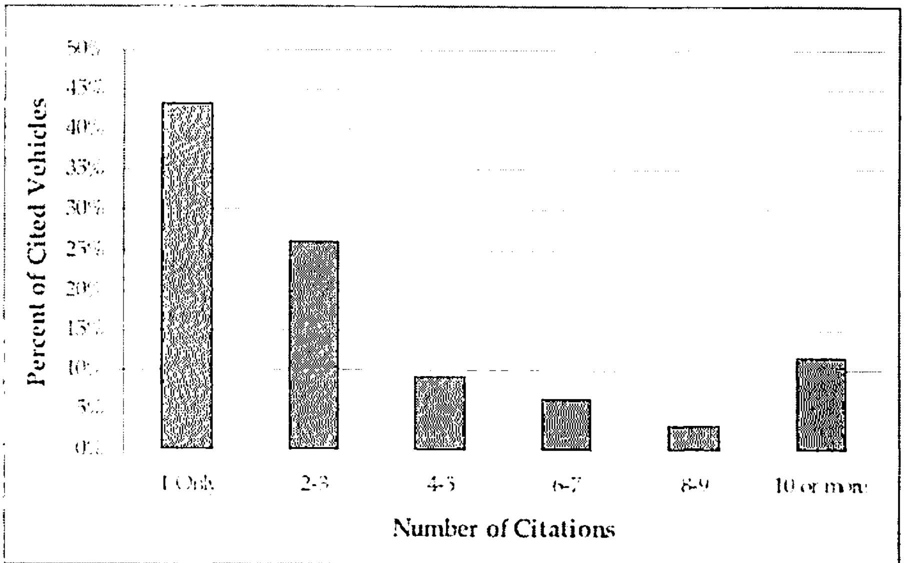
- **As of September, 2008, County employees using County vehicles had accumulated nearly 3,000 unpaid parking tickets, with about $105,000 of unpaid fines for violation of parking regulations at County parking facilities.**
- **Although County policy requires vehicle operators to pay any parking fines, records indicate that this policy is not consistently enforced, with 573 vehicles out of compliance as of September 2008. One vehicle was cited more than 100 times over a two-year period, and more than two years later, $3,550 was still owed for those citations. Another 26 vehicles had amassed more than 20 unpaid citations each.**
- **As a result of the failure to enforce its own policy, the County effectively permits illegal parking by County employees, wastes Parking Patrol resources, and loses thousands of dollars of parking fine revenues annually.**
- **By implementing more comprehensive policies pertaining to County vehicles and their use, and enforcing these policies, illegal parking will be reduced and the County will generate increased parking fine revenue.**

Background

As of late September, 2008 there were at least 2,983 unpaid parking tickets issued by the County against 573 vehicles within the County's fleet. The value of these citations was $104,689. According to the County Department of Revenue (DOR), this amount includes $95,740 in General Fund monies, including a small amount earmarked for social services to the frail and elderly pursuant to state law, with the balance owed to the State Courthouse Construction Fund. On average, these vehicles had more than five outstanding citations worth a total of $183. These citations were issued between May, 1997 and September, 2008 by County Parking Patrol staff. Chart 10.1 on the following page shows the distribution of unpaid tickets as of September, 2008.

Chart 10.1

Distribution of 2,984 Citations Across 573 Vehicles
<u>Between May 1997 and September 2008</u>



Source: Santa Clara Count Department of Revenue

In the most egregious case, a sedan amassed 101 unpaid tickets, worth $3,550, over a little more than two years. Four other vehicles assigned to that same unit are among the top 10 vehicles with unpaid tickets, with 87, 76, 73, and 56 tickets outstanding. Two other top-10 ticket vehicles were assigned primarily to another department, and as of September 2008 owed payment for 93 and 78 citations.

Pursuant to California Vehicle Code Section 4760(a)(1), if the California Department of Motor Vehicles (DMV) had been aware of these citations, it would have been required to refuse to renew the vehicle registrations until the citations were resolved. Pursuant to Vehicle Code Section 40220(b), charges in excess of $400 – a circumstance applicable to at least 53 of the 573 vehicles – may be filed with the court, and carry the weight of a civil judgment.

However, according to DOR, the DMV system had been rejecting "exempt" or "E" County plate numbers and "confidential" car plates due to processing restrictions. Normally, the DMV provides the name and address of the vehicle owner to the parking citation collection vendor, who then issues a mailed notice to the violator, which is required by law if the payment is to be pursued. Because County vehicle citations were rejected by DMV (no name or address), no notices could be generated, and consequently, County departments were not aware of the citations against their assigned vehicles. According to DOR, the data transfer to DMV was changed in 2008 to incorporate a work-around for all E-plated citations. Citation notices for County E-vehicles in 2009 are received by Fleet Management, which forwards them to the responsible departments. The County "confidential" cars are not identifiable by Parking Patrol; therefore, no work-around has been arranged for processing citations against these vehicles. In summary, the notices as of May 2009 were being provided to County Fleet Management, which then provides them to departments for "E" plate vehicles. For "confidential" vehicles, no notices were provided as of May 2009. The DOR and Fleet Management should establish a process to provide for notices for confidential vehicles.

Responsibility for Unpaid Parking Tickets

The April 2, 2007 revision of the County Vehicle Use policy, Policy 706.3, states that "Vehicle operators are responsible for their own traffic citations and parking tickets." A copy of this policy is provided as Attachment 10.1 Additionally, Page 13 of Fleet Management's undated *Customer Service Guide*, issued to drivers of all County vehicles, states:

"If an employee is cited for a traffic violation while driving a County vehicle, or is issued a parking citation, it is the employee's responsibility to make certain the citation is cleared." A copy of this guideline is provided as Attachment 10.2.

Until 2008, when the citation reporting work-around was established, neither the policy nor the guideline had been enforced. After the work-around, enforcement was and remains active for all County E-plated vehicles. The County has no policy governing revocation of County driver permits or fueling privileges for employees who consistently violate parking or traffic rules. The Board of Supervisors should direct the Administration to draft for Board adoption a comprehensive vehicle use policy, consistent with recommendations throughout this report, which would include provisions for revocation of driving privileges for County employees who repeatedly fail to pay parking or traffic citations.

The Santa Clara County Travel Policy Desk Reference Manual, January 2006 Edition, page 47, a copy of which is provided as Attachment 10.3, defines "traffic and parking violations" as "non-reimbursable expenses."

Nonetheless, at least one instance was identified in which the County has paid such an expense on behalf of an employee, as shown in Attachment 10.4. Since such reimbursements could be made from any number of accounts, and would not necessarily be specifically identified as reimbursement of parking citation payments, it cannot readily be ascertained whether this is an isolated instance of a violation of the policy or a more regular occurrence. The provision prohibiting reimbursement of citations should be included in the new, comprehensive vehicle use policy.

In the fall of 2007, the Probation Department became aware that there were many outstanding citation vehicle penalties for their assigned vehicles. Accordingly, the department conducted a comprehensive investigation to discover the extent of noncompliance, as well as vehicle and driver identity, date of violation, and amounts outstanding. Probation requested assistance from FAF, the Finance Agency, and DOR to validate findings and seek resolution. DOR incorporated the information from Probation's report into its discovery records and expanded its investigation to include County confidential vehicles.

Recovery of Funds

As of late 2008, DOR, Fleet Management, and other departments, especially Probation, were working on this issue. However, much of the $105,000 that is owed is not recoverable, for a variety of reasons. These reasons include:

- DOR reports that departments may not always know who was driving the vehicle at the time the citation was issued. A comprehensive assessment of County-wide departmental vehicle records has not been done;
- A vehicle may be assigned to multiple departments over time, and in some cases, it is not clear which *department* the vehicle was assigned to at a particular point in time;
- Vehicle Code Section 40222(b) establishes a five-year statute of limitations on citations;
- Some vehicles were sold at auction and are no longer owned by the County;
- Before 2008, and for confidential vehicles as of May 2009, the required citation notice by mail was not sent or received, as DMV did not provide owner names and addresses to the parking citation collection vendor. Issuance of a mailed notice (when payment is not made within a specific time period) is a required step in the process for civil pursuit of payment.

Fairness

DOR reports that some parking tickets against County vehicles have been paid over the years, but that it would be difficult and expensive to obtain an accurate count of these payments. Further, there is no readily available information regarding who actually paid the tickets. Presumably, some tickets have been paid by employees rather than departments; if so, this raises fairness issues as some employees are probably paying their tickets while others are not. Similarly, it is possible that some employees pay citations issued by other jurisdictions out of their pockets while others are reimbursed.

CONCLUSION

Hundreds of County vehicles have been ticketed for parking violations on County property, and nearly 3,000 of these tickets remained unpaid as of September, 2008. The County has no policy provisions to revoke driving privileges in the absence of payment. It is unlikely that much of the $105,000 can be recovered at present. By failing to collect parking fines, the County has forgone revenue, wasted the time of Parking Patrol personnel, and effectively permitted illegal parking by some employees. The lack of enforcement also raises issues of consistent treatment of County employees.

RECOMMENDATIONS

The Board of Supervisors should:

10.1. Direct the Administration to prepare for Board adoption a policy that requires employees to maintain a log in each County vehicle, including assigned and pool vehicles. The record should include the name of the employee using the vehicle, the employee's department, the date and time of use (in and out) and purpose of trip. (Priority 1)

10.2 Direct the Administration to prepare for Board adoption a policy specifying County criteria for suspension of driving privileges for flagrantly non-compliant employees or loss of vehicles for flagrantly non-compliant departments. (Priority 1)

The Facilities and Fleet Department should:

10.3 Transmit copies of tickets received to the department responsible for assigned vehicles, and to the fleet manager for pool vehicles, within 10 days of receipt. Departments should submit the ticket information to the responsible employee immediately upon receipt. (Priority 1)

The Facilities and Fleet Department and the Department of Revenue should:

10.4 Prepare an annual report to the Board of Supervisors of unpaid parking tickets by department. (Priority 1)

10.5 Develop a practice for County confidential vehicles that are cited for parking violations, such that the employee will be held accountable for satisfying the related fines and penalties due. (Priority 3)

SAVINGS, BENEFITS AND COSTS

Improving enforcement of parking ticket collections should reduce illegal parking on County property, generate a small amount of one-time and ongoing revenue to the General Fund and the State Courthouse Construction Fund, and improve the consistency of citation collections. It should also ensure that vehicles sold to the public at auction do not have outstanding violations.

POLICY 706.3

COUNTY VEHICLE USE

GENERAL

County vehicles are to be used only for County business. Passengers are not allowed in County vehicles unless their status is related to County business. Only County employees* having a current California driver license and a valid County driver permit are allowed to drive County vehicles. Any exceptions will be at the discretion of the Director of ESA Risk Management. Agency/Department Heads are responsible for the proper use of vehicles assigned to their agencies/departments, and are to ensure that these vehicles are serviced and maintained as prescribed by Fleet Management.

DRIVER'S LICENSE

Agency/Department Heads are to ensure that all employees who operate vehicles maintain a valid California driver license of the proper classification and a County driver permit.

SAFETY

In accordance with State Law, seat belts are to be worn by all occupants of a County vehicle while it is in operation, and children must ride properly buckled up in safety seats or boosters until they are at least 6 years old OR weigh at least 60 pounds.

Employees are to operate County vehicles and equipment in a safe and law-abiding manner at all times. Vehicle operators are responsible for their own traffic citations and parking tickets.

A County vehicle should not be operated if it has known or suspected safety/mechanical problems. Fleet Management should be contacted for information regarding service or repairs.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

Attachment 10.2

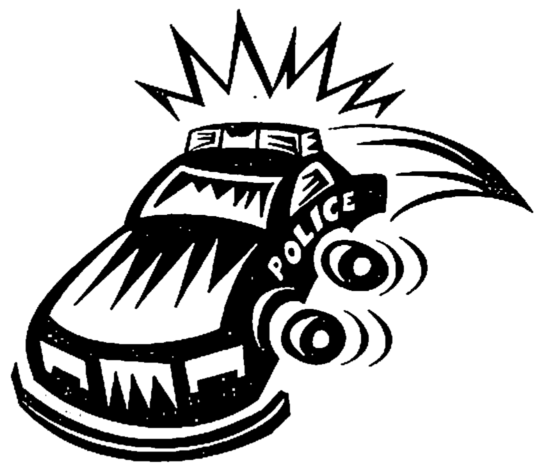
COUNTY OF SANTA CLARA

FLEET MANAGEMENT

CUSTOMER SERVICE GUIDE

TRAFFIC CITATIONS

If an employee is cited for a traffic violation while driving a County vehicle, or is issued a **parking citation**, it is the employee's responsibility to make certain the citation is cleared.



> *Travel Tip: Hotel telephone rates are usually quite expensive. For cheaper rates, use a phone charge card.*
>
> *Travel Tip: When travelers use the hotel telephone for an internet link-up (checking email, transferring documents, etc.), it is recommended that they use the telephone line only long enough to transfer the needed information. Log off immediately and review your information or write email responses off-line. Then call back to transmit responses. Staying on-line while reviewing data can be very costly.*
>
> *Travel Tip: When the traveler is away for two days or more on business, airport shuttles and taxis may be less expensive than using long-term airport parking. Check rates before making your final plans.*

Non-Reimbursable Expenses:
The following incidental and personal expenses are generally <u>**not**</u> allowable for reimbursement:

- Traffic and parking violations
- Mileage for County vehicles
- Mileage for commute to work
- Emergency repairs on non-County vehicles
- Car rental insurance and Fuel Service Option (FSO) / Fuel Purchase Option (FPO)
- Insurance not provided for under this policy/procedure
- Alcoholic beverages
- Refreshments and snacks
- Medicinal remedies, health supplies, cosmetics
- Personal entertainment, e.g., in-room movies, saunas, fees for exercise room, sports events, personal reading material, personal grooming, optional tours, souvenirs
- Airline club membership fees and credit card fees
- Childcare fees
- Kennel/boarding fees
- Tips that exceed County allowances
- Expenses related to vacation or personal time while on business trip
- Personal travel expenses that cause additional cost to the County
- Expenses related to an employee's family member or friend accompanying the employee on business trips
- Other incidental expenses that are determined to be of a personal nature, extravagant, or might be considered to be unreasonable or unnecessary

Santa Clara County Crime Lab Ledger

Date Report Printed: 9/26/2007 Account Number: 5285800

PV #	PO #	Vendor	Date Ordered	Description	Invoice #	Invoice Date	Invoice Total	Warrant #
1901119013	DP13457	[redacted]	1/19/2007	PARKING TICKET REIMBURSEMENT	13457	1/19/2007	$72.00	10735904

Account #: 5285800 Amount Invoiced to date: $72.00

Section 11. Vehicle Accident Management

- **Although the overall accident rate in the Santa Clara County fleet is relatively modest at about 15 claims per million miles driven, a small percentage of drivers are responsible for a disproportionate share of accidents.**
- **In addition, accident rates – that is, the number of claims per million miles driven – vary considerably by department. At present, the cost of accidents is not borne by the employee's department, even when the employee is at fault. Instead, the costs are effectively spread to all County departments.**
- **The Board of Supervisors should direct the Administration to prepare for Board adoption a policy to focus training and management resources on accident-prone employees, and directly charge employee departments for the cost of accidents.**
- **Implementation of this policy would likely reduce both accidents and the cost of accidents by an indeterminate amount, and would ensure that the General Fund only pays for accidents in General Fund vehicles.**

The Nature of County Vehicle Accidents

In FY 2006-07 and FY 2007-08, County vehicles were involved in approximately 478 accidents, or an average of 239 accidents per fiscal year, with total costs incurred in excess of $2.5 million. One of these accidents, which resulted in the death of multiple cyclists, was unusually expensive. Excepting this claim, the average cost per accident was approximately $964. Costs for vehicle accidents would be substantially higher if not for the County's use of inmates at the Elmwood Correctional facility for body work on County vehicles. Further, at least 25.5 percent of these accidents are reportedly not the fault of County drivers. Excepting those accidents, there are an estimated 178 accidents within the control of County drivers each year.

Accident data provided by the County's Risk and Insurance division suggests that many of these accidents were preventable. For example, in 156 cases – almost one-third of all accidents – County drivers struck stationary objects, such as parked vehicles. In addition, in 14 cases (almost three percent), the reported circumstances appeared to be of particular concern. Some drivers have struck pedestrians, cyclists or animals, or lost control and left the roadway, or fallen asleep while driving. The reported circumstances of the 478 accidents are detailed in Table 6.1 that follows.

Table 11.1

Reported Factors in 478 Vehicle Accidents
FY 2006-07 and FY 2007-08

Reason	Number of Accidents	Percent of Accidents
County driver asleep at wheel	1	0.2%
County driver hit person or animal	2	0.4%
Accident in County vehicle driven by non-employee	2	0.4%
County driver hit cyclist(s)	3	0.6%
County driver lost control, left roadway	6	1.3%
County driver and other driver collided	12	2.5%
Unknown	21	4.4%
Various other	23	4.8%
County driver backed into other vehicle	33	6.9%
County driver backed into object	44	9.2%
County driver hit object	101	21.1%
County driver hit other vehicle	108	22.6%
Other vehicle hit County vehicle	122	25.5%
Total	**478**	**100%**

Source: Santa Clara County Risk and Insurance division

The Management Audit Division was unable to locate comparable data from other jurisdictions and from nationally available sources to determine the comparative accident rates per million miles driven. Although some data is available, the data that was obtained was not comparable to Santa Clara County's data. For example, national data is reported in terms of accidents reported to the police, while County accident records include all accidents, whether reportable or not. That said, there is no indication that the County's overall rate is excessive per se. Nonetheless, opportunities for improved management of the County's accidents exist.

Few Drivers Responsible for Many Accidents

The County's Risk and Insurance Division furnished data showing the individual employees involved in these accidents. This data indicates that at least 379 employees were involved in accidents. Of these, 324 employees (85.5 percent) had only one accident. Another 55 employees (14.5 percent) had at least two accidents in two years, including nine who had three accidents and two who had four accidents. There were an additional 40 incidents for which no driver identification was available. The percentages of duplicate drivers were applied to these 40 unknowns to develop an estimated 61 total "accident prone" drivers, that is, drivers who had two or more accidents in County vehicles in two years. Although these 61 drivers represent a small percentage – probably well under three percent – of the number of drivers of County vehicles, they are responsible for 28.5 percent of accidents.

Current Response to Accidents – Employee Training

The County's policy regarding accidents, and the accident review guidelines, are provided as Attachment 11.1 When an employee has an accident in a County vehicle, it is typically addressed by having the employee view a driver training video. The video is not interactive and there is no hands-on training or assessment of driving skills. The County has an Accident Review Board, but it does not review accidents per se. Instead, the Board's function is to hear appeals in the extremely rare instance of an employee's driving privileges having been revoked. The Board of Supervisors should direct the Administration to prepare for Board adoption a comprehensive vehicle policy that expands the role of the Accident Review Board, whose members should review accidents resulting in more than $500 worth of damage or that involve serious safety concerns, such as cases of sleeping drivers, and determine whether to provide drivers with more intensive training at the employing department's expense or to recommend revocation of an employee's driver permit. The number of accidents that likely would meet the review criteria initially is estimated to be about 50 per year.

Current Response to Accidents – Costs

When an employee has an accident in a County vehicle, the costs are borne in Fleet Management's budget, which is funded by internal service charges that are paid by all fleet users. In contrast, some jurisdictions ensure such costs are borne by the employing departments, particularly if the accident is due to the employee's negligence. An example of the relevant portion of such a policy, from San Bernardino County, is provided as Attachment 11.2. Santa Clara County would benefit in two ways by implementation of a similar policy. First, such a policy would provide department management with direct monetary incentives to reduce accidents, which would serve to focus attention on accidents. Second, the cost of accidents that occur in non-General Fund departments such as Roads and Airports and Parks and Recreation would not impact the General Fund. Such a policy is potentially significant because the accident rate – the number of accident claims that occur for each million miles driven – varies considerably by department and function. The three-year average accident rate (FY 2003-04 through FY 2005-06) for all functions averaged about 15 accidents per million miles. But some functions had an accident rate of zero, while eight averaged more than 20 accidents for every million miles on the road. Included in these eight are the non-General Fund departments of Parks and Recreation (26.4 accidents per million miles) and Roads and Airports (22.9 accidents per million miles.) In FY 2005-06, these two departments alone were responsible for almost 22 percent of all accidents. At the average claim rate, these 52 accidents would be worth in excess of $50,000.

CONCLUSION

Operators of County vehicles average about 239 accidents per year, with a disproportionate number of these accidents, estimated at 28.5 percent, caused by a tiny fraction of drivers. Employees do not receive intensive training following an accident, nor does the Countywide Accident Review Board review accidents except in rare instances when an employee's driving permit has been revoked. At present, the costs of accidents are borne Countywide, rather than by the employing department. This is significant because it may reduce management's focus on accidents and because some non-General Fund departments are responsible for a substantial share of accidents. The costs of these accidents could be shifted to the individual departments, rather than spread Countywide.

RECOMMENDATIONS

The Board of Supervisors should direct the Administration to prepare for Board adoption a comprehensive vehicle-use policy that:

11.1 Provides for review by the Accident Review Board of all accidents with claims exceeding $500, or accidents involving circumstances of concern. The reviewers should determine whether to require more intensive training for affected drivers at the employing department's expense, or to recommend revocation of County driver permits. (Priority 3)

11.2 Provides for direct charges to departments to cover all vehicle-accident costs. (Priority 3)

SAVINGS, BENEFITS AND COSTS

Implementation of these two recommendations would likely reduce both the number of accidents and associated expenses by an indeterminate amount, and would ensure that the General Fund does not absorb costs associated with vehicle accidents in non-General Fund departments. There could be modest additional expenses associated with provision of more intensive training to a small percentage of employees, and a modest amount of increased work for members of the Vehicle Review Board to review an estimated 50 accident reports per year. These changes would result in increased accountability for vehicle use, and improved safety for employees and the public.

Revised 07/01/2008

POLICY 706.4

DEPARTMENT MOTOR VEHICLE ACCIDENT REVIEW

POLICY

The purpose of accident review is to gather facts, identify causes and take action to prevent future accidents. Most vehicle accidents have multiple causes. The root cause of the accident may involve factors other than the actions of the driver. However, in most cases, the primary cause is driver error with secondary contributing factors. A thorough accident review will usually reveal multiple causes. Departments must review all automobile accidents within 90 days and determine if corrective measures should be initiated.

PROCEDURES

Responsible Party	Action
County Driver	In the event of an accident, while driving on County business, County employees* and volunteers must complete a Vehicle Accident/Incident Report form (Form 1542) by the next business day and submit it to their supervisor and ESA Insurance.
	Submit any appeals to departmental corrective measures and permit revocations within ten days to the Countywide Accident Review Board.
Department/Supervisor	Review the Vehicle Accident/Incident Report with the employee to ensure completeness and send to ESA Insurance.
	Review all employee and volunteer accidents which occur during County business. Refer to The Santa Clara County Department Motor Vehicle Accident Review Guidelines for further instructions and suggested corrective measures.
	Contact ESA Insurance if further assistance is needed in reviewing specific accidents and implementing corrective measures.
	Contact ESA Labor Relations prior to taking any action which may affect an employees work status.

* County employees include full time, part time, extra help, paid interns, unpaid interns, and dependant contractors.

Responsible Party	Action
ESA Insurance	Review all Vehicle Accident/Incident reports and maintain a file of the reports. Request further information using the Supervisors Review Of Employee's Motor Vehicle Incident – Form 101 from the department/supervisor on questionable accidents/incidents.
ESA Risk Management	When a County employee or volunteer demonstrates an inability to maintain a safe driving record or safe driving practice, that person's County driver permit may be revoked. The driver permit will be automatically suspended at the loss or suspension of a California or other state driver license. The Director of ESA Risk Management shall have the sole authority to revoke a County driver permit. The decision to revoke a permit will be determined on a case by case basis. Prior to revocation, the County driver's department will be contacted for input. A County driver may reapply for a County driver permit one year from the date the permit was revoked. Appeals to the revocation of a County driver permit must be submitted in writing to the Countywide Accident Review Board within 10 business days of notification by the Director of Risk Management. Appeals must be mailed to: Santa Clara County ESA Insurance Attn: Accident Review Board 2310 N. 1st St., Suite 203 San Jose, CA 95131
Countywide Accident Review Board	The Countywide Accident Review Board is responsible for reviewing employee appeals to Departmental Accident Review Board decisions and to an appeal to the revocation of a County driver permit by the Director of Risk Management. The decisions of the Countywide Accident Review Board are final and not open to appeal.

REFERENCE MATERIAL - RELATED LAWS, REGULATIONS AND PROCEDURES

Subject	Reference	Section
Safe Driving Program	County Policy and Procedures Manual	706
County Driver Permit Requirements	County Policy and Procedures Manual	706.1
Vehicle Liability Insurance Requirements	California Vehicle Code	16450 and 16451
Driver Training Program, Coordinator Duties, DMV, Accident Reporting Procedures, Etc.	ESA Insurance Driver Training Coordinator Manual	Various Tabs
Authority to use a private Vehicles on County business	County Ordinance Code	A31-9
Reimbursement for use of Private conveyance	County Ordinance Code	A31-11
Insurance when private Conveyance is used	County Ordinance Code	A31-12

Additional information regarding this policy can be obtained from the Employee Services Agency Risk Management Department Insurance Division.

FORMS

Name	Form Number
Vehicle Accident/Incident Report	1542
Supervisors Review Of Employee's Motor Vehicle Incident	101

MOTOR VEHICLE

ACCIDENT REVIEW GUIDELINES

County of Santa Clara

INTRODUCTION

Santa Clara County minimizes employee vehicle accidents through driver training, review of employees' Department of Motor Vehicle driving records, vehicle maintenance, and accident review procedures. This document contains the guidelines for reviewing employee vehicle accidents/incidents. Please refer to the Accident Review Guideline Flow Chart (Attachment I) to help clarify and assist you in the appropriate order of completion of the various elements described within these guidelines.

REPORTING ACCIDENTS

A copy of the Santa Clara County Vehicle Accident/Incident Report (Form #1542) must be kept in all County vehicles along with the registration and evidence of financial responsibility.

Employee: Notify your immediate supervisor of any accident involving a vehicle, personal or County, while on County business (failure to do so can result in disciplinary action). Complete the County "Vehicle Accident/Incident Report" form as soon as possible, but no later than the next business day and give the completed form to your supervisor. (Please note if police were called, department was notified, third party, etc.

SUPERVISORS: Review the Vehicle Accident/Incident Report with the employee to ensure completeness (instructions are included on the form) then send the Report to ESA Insurance. (Pony to 2310 N. First Street, Suite 203; San Jose, Ca 95131; Fax: (408) 441-4341

ACCIDENT REVIEW

The purpose of accident review is to gather facts, identify causes and take action to prevent future accidents. Most vehicle accidents have multiple causes. The root cause of the accident may involve factors other than the actions of the driver. However, in most cases, the primary cause is driver error with secondary contributing factors. A thorough accident review will usually reveal multiple causes.

ESA Insurance will review all employee vehicle accident reports, regardless of the severity of the accident, and determine if the employee's supervisor should conduct a further review. If so, ESA Insurance will send a "Supervisor's Review of the Employee's Motor Vehicle Incident" form (Form #101) to the supervisor to complete and return to ESA Insurance.

SUPERVISORS: Review the accident with the employee to determine the cause(s). Does it appear to be driver error on the part of the employee, the other driver, or a little of both? Was there a mechanical problem? Was the employee adequately trained and supervised? Were department policies and procedures followed? If you received a "Supervisor's Review of the Employee's Motor Vehicle Accident" form from ESA Insurance, complete and return it as soon as possible. Take action to prevent a reoccurrence by suing recommended corrective action guidelines.

ESA Insurance will assist departments in conducting their accident review when the accident involves major injuries or damage, when the driver has a history of multiple accidents, or when requested by the department. ESA Insurance maintains a central file of all vehicle accident reports.

CORRECTIVE MEASURES

Corrective measures are designed and intended to encourage safe driving. Such measures may include but are not limited to:

- Driver training;
- Revision of job assigned;
- A two-hour behind-the-wheel driver observation review;
- Driving privileges in County vehicles subject to probation;
- Informal disciplinary action/counseling;
- Revocation of employee's County driving permit
- Formal Disciplinary action up to and including termination;

Potential formal disciplinary action must be done in consultation with the Office of Labor Relations.

The decision to revoke an employee's driver permit will be determined by the Director of ESA Risk Management.

"Degree of Cause" is a key factor when determining the appropriate corrective measure to be initiated. For lower level accidents or incidents with a lower level "degree of cause" it is strongly recommended that employees take a refresher driver's training course. Formal disciplinary actions should be weighed carefully prior to implementation and should be done in consultation with the Office of Labor Relations.

All incidents and/or accidents involving County vehicles must be reviewed on a case-by-case basis.

For example, after review of all accident circumstances (interview, employee report, police report, damage report, etc.), it is determined that an employee made an illegal, unsafe or ill-advised backing, the recommended action for the supervisor **may be to initiate appropriate informal or formal disciplinary action** and/or to put the employee driver permit on 12 months probation. During the permit probationary period the employee should also be required to take a driver training course. The important principle to follow is that the corrective measures including disciplinary actions should be appropriate to the violation.

Below is a table that may be used to guide decisions regarding the "degree of cause" involved in an accident. A lower "degree of cause" would dictate that the initial corrective or disciplinary action imposed be of a lesser nature.

SUPERVISORS: Prior to initiation of discipline, department supervisors and managers must consult with the Office of Labor Relations.

Degree	Cause of Accident
Minor	Responsibility cannot be determined.
Minor	Damage caused by striking birds, rocks/debris thrown by other vehicle, road tar or paint spray.
Minor	Damaged while legally parked and unattended.
Minor	Mechanical failure.
Minor	Damaged while properly performing in line of duty.
Minor	Failure to allow for weather conditions.
Minor	Failure to observe: *Examples*: • Failure to observe objects or automobiles, stationary or in motion. • Failure to ascertain clearance and freedom of hazards to rear of vehicle when backing.
Minor	Lack of Forethought: *Examples:* • Failure to secure doors, tailgates, etc., before moving a vehicle. • Failure to allow clearance for loads and equipment.
Minor	Leaving vehicle improperly parked.
Minor	Turning from wrong lane of traffic.
Minor	Failure to signal.
Minor	Improper loading.
Minor	Failure to wait until move can be safely made.
Moderate	Usurping right of way. *Examples:* • Unauthorized use of siren. • Failure to yield to pedestrians.
Moderate	Lack of control due to inattention to driving.
Moderate	Lack of care or judgment in entering or leaving parking space.
Moderate	Following too closely.
Moderate	Cutting in on moving vehicles.
Moderate	Disregard of safety orders or rules: *Examples:* • Where any failure to adhere to safety instructions and orders was a contributing cause of the instructions and orders was a contributing cause of the accident or injuries; • Failure to properly fasten automobile seat belts.
Moderate	Illegal, unsafe, or ill-advised backing.
Moderate	Lack of care or judgment while operating a county vehicle in a 4- wheel drive configuration.
Moderate	Too fast for conditions.
Major	Excessive or unsafe speed: *Examples:* • A speed that is greater than is prudent for driving conditions at the time;

	• A speed in excess of that which is permitted by law or dictated by common sense for control.
Major	Failure to stop at boulevards, traffic signals, or railroad crossings.
Major	Unsafe passing.
Major	Driving on wrong side of street or highway.
Major	Asleep at the wheel.
Major	Reckless driving: Example: • When a vehicle is driven with a willful or wanton disregard for the safety of persons or property.
Major	Intoxication, or under the influence of intoxicants or drugs.

APPEALS

The causes of the majority of accidents are clear. Occasionally, however, an employee may believe that the cause of his/her accident was incorrectly determined or department actions (such as prohibiting the employee to drive on County business) were incorrectly determined. In these instances the employee may appeal the finding or suspension of County driving privileges.

SUPERVISORS: If the driver asks about an appeal, review the facts of the accident with him/her to determine if something was overlooked. Check with the ESA Insurance Division to see if additional information is available.

If, after reviewing all the facts of the accident, the employee still does not agree with the findings or ruling, he/she may make a final appeal to the Countywide Accident Review Board. Appeals must be submitted in writing to the Countywide Accident Review Board within 10 business days of notification. Appeals must be mailed to:

Santa Clara County ESA Insurance
Attn: Accident Review Board
2310 N. 1st St., Suite 203
San Jose, CA 95131

A written memorandum to the Countywide Accident Review Board shall be submitted with all back-up documentation and the specific reason(s) for the appeal. If the Countywide Accident Review Board requires additional information for classification it will request it in writing to the appellant.

Attachment I

Accident Review Guideline Flow Chart

Agency/Department Head

- Ensures Procedure Implementation.
- Ensures Santa Clara County Vehicle Accident/Incident Report (Form 1542) is in all Department vehicles.

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Employee

- Notifies immediate supervisor of any accident while on County business.
- Calls police and Sheriff Office if necessary (see back of Form 1542).
- Completes Vehicle Accident/Incident Report (Form 1542) and gives to Supervisor.

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Supervisor

- Reviews Vehicle Accident/Incident Report with employee.
- Sends original report to ESA Insurance.

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ESA Risk Management

- Reviews Vehicle Accident/Incident Report.
- Determines which incidents warrant further investigation.
- Sends, if appropriate, Supervisor's Review of Employee's Motor Vehicle Incident (Form 101) to supervisor for completion.

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Supervisor/Departmental Accident Review Board

- Reviews the accident with employee to determine the cause(s).
- Returns Form 101 to ESA Insurance.
- Reviews the facts to determine if remedial action is needed.
- Takes remedial action to prevent reoccurrence by using corrective action guidelines.
- Calls ESA Insurance to arrange a two-hour behind-the-wheel "Driving Practices Observation" review, if deemed appropriate for the employee.
- Arranges for a refresher driver training class for employee.
- Provides ESA Insurance Division with accident review results.

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ESA Risk Management

- Arrange for 2 hour Behind the Wheel driver observation review. (if deemed appropriate).
- Maintains central file of all vehicle accident reports.
- Determines if revocation of County Driver's Permit is warranted.

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Supervisor/Departmental Accident Review Board

- Determines disciplinary action following recommended corrective action guidelines.
- Counsels with Labor Relations prior to implementation of discipline.

14. Damage Policy

Whenever a County Vehicle is damaged, the following policies will apply:

a. In instances when a County vehicle is involved in a collision with a non-County vehicle, where the non-County driver is deemed negligent or responsible:

   (1) The County will subrogate or recover for all damages to the County vehicle from the negligent driver or his insurance company.

   (2) Recoveries will be transferred to the Motor Pool Internal Services Fund.

b. When a County driver using a County vehicle is deemed responsible or negligent in a collision involving a non-county vehicle:

   (1) The County's liability program will cover claims against the County arising out of the collision and, if necessary, provide legal representation for County and employee.

   (2) The total cost of repairing or replacing the County vehicle involved will be transferred to the Motor Pool Fleet Internal Service Fund. The necessary funds will be taken from the negligent employee's department funds.

c. In instances where a County employee using a County vehicle is found responsible or negligent causing damage although not involved in a collision with another vehicle:

   (1) Property damage caused by that driver to property of others will be covered by the County's liability program.

   (2) The total cost of repairing will be transferred from the negligent employee's department. The necessary funds will be taken from that department's budget and transferred to Motor Pool Internal Service Fund.

d. In instances when a County employee using a County vehicle is deemed negligent or responsible in a collision involving another County vehicle(s):

   (1) The total cost of repairing or replacing all County vehicles involved will be taken from the negligent employee's department. These funds will be taken from the department's budget and transferred to the Motor Pool Internal Service Fund.

   (2) Should both or all County drivers be deemed responsible or negligent, each department shall reimburse the Motor Pool Internal Service Fund from its budget for the cost of repairing or replacing that vehicle which its employee was driving at the time of collision.

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Section	Recommendation	Staff Response
One	1.1	Fleet: Agree. Fleet will propose draft vehicle justification policy. Criteria will include minimum bi-annual mileage thresholds by cost center. The department will recommend specific exemptions for low mileage special purpose vehicles (e.g. FAF service vehicles).Fleet will need direction from ESA and Counsel to determine exemptions based upon Labor Agreements and other Departmental assigned vehicle policies as outlined in 5.1, 5.2 and 5.3.
	1.2	Fleet: Agree in concept. Fleet will establish cost center specific mileage threshold. Following Board approval of the policy outlined in 1.1, Fleet will provide the number of vehicles by department that have been identified as underutilized. Departments will prepare a list of specific vehicles to be returned for surplus sale or reassignment.
Two	2.1	Fleet: Agree. The pool will be reduced to reflect utilization of 85% or more. The majority of pool vehicles are fully depreciated, therefore the cost associated with these vehicles is operational not capital costs. If pool vehicles are insufficient to meet demand then an external vendor will be used for overflow rental needs. In this situation, departments will pay more to rent vehicles from the external vendor. Currently the Fleet pool serves as an loaner pool for departments while vehicles are in for service. As the pool is reduced, Fleet will fund service replacement transactions. However, departments will be responsible for transactions involving rental vehicles if insufficient fleet pool vehicles are available. If existing patterns of vehicle use continue, it is unlikely that countywide net savings will result. Budget Impact.

Seven	7.1	<u>Fleet:</u> The issues as presented by the management auditor requires additional analysis both legal and financial. It is recommended that the status quo be maintained until such time that full analysis and discussions are completed for the affected Departments and after an opportunity for the FGOC to review the results and outcome. Of particular concern to the Administration is that each fund is an independent entity and management has fiduciary responsibility to ensure that its fund usage is consistent with its specific legal requirements as referenced by the management auditor in this section under Applicability of OMB A-87.
	7.2	<u>Fleet:</u> See response to 7.1
	7.3	Roads Department: See response to 7.1
	7.4	Conty Executive: Agree. The Internal Audit Division of the Finance Agency will gather relevant information from the management auditors, the Roads and Airport Department (Roads) and the Facilities and Fleet Department (FAF), and perform review of the charges and revenues required by the Interdepartmental Service Agreement between Roads and FAF during the period FY 1995-96 through FY 2003-04.
Eight	8.1	<u>Fleet:</u> Agree in concept. FAF and Roads need further discussion and analysis to determine the size of parcel split, the appropriate transfer amount, and other operational considerations.